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TODAY'S WEATHER FORECAST — PARIS:
Cloudy, Temp. 53° (48-57). Tomorrow variable.
LONDON: Clear, Temp. 54° (48-54). Tomorrow
cloudy. BOSTON: Showers, Temp. 54° (48-54).
NEW YORK: Showers, Temp. 54° (48-54).
ADDITIONAL WEATHER — COMICS PAGE.

28,862



MARCHERS' CAMPSITE IN THE SPANISH SAHARA—Helicopter view of Moroccan encampment inside the border.

Gas, Shots Break Up Lisbon Rally

Azevedo Assails Leftist Violence

From Wire Dispatches

LISBON, Nov. 9.—Premier Jose Pinheiro de Azevedo condemned spreading political violence here today and then was forced to halt a speech when his pro-government rally was broken up by tear gas and gunfire.

Portugal's armed forces, meanwhile, remained on alert for a second day.

Wiping tears from his eyes because of the gas, Premier Azevedo left the podium after delivering an "indefinitely" broadcast speech that political violence in the country threatened Portugal with a "suicidal return to primitivism."

Military policemen fired more than 100 submachine-gun rounds into the air in three volleys while the demonstrators dispersed in scenes of panic. Four persons were reported hospitalized for inhalation of gas.

A Socialist party spokesman on the balcony said that the tear gas had apparently been thrown by members of the military police, a leftist unit.

"Fascist Sabotage"
Adm. Azevedo said that "fascist sabotage" was responsible for the trouble.

In his speech the Premier hit out at what he called impossible wage demands, wildcat strikes, unauthorized demonstrations and a lack of discipline in leftist dominated army units. The speech was his most forceful and critical of leftist extremists in his two months in power.

"The political struggle is beginning with troubling frequency to turn into common crime," he said.

Although the Premier delivered attacks against both the extreme left and right, his speech was notable in that it specifically targeted the left. He said that the left had brought on army mutinies, beset a Cabinet-level official in his office and had taken over Radio Renascença, the leftist station blown up on military orders Friday.

"I ask you, can it be that

2 Vietnams Set For Negotiations On Reunification

HONG KONG, Nov. 9 (Reuters).—North and South Vietnam have set up delegations to negotiate the reunification of the two countries, Hanoi radio announced today.

In a broadcast monitored here, the radio said the two sides would discuss general elections throughout Vietnam.

The two delegations would also discuss the setting up of a "national assembly as well as a common state organs" for a reunified Vietnam.

Hanoi radio said the South decided to appoint a delegation at a conference held Thursday and Friday by various bodies, including the National Liberation Front and the Provisional Revolutionary Government.

Reports from Saigon said observers there expected the reunification to be announced early next year. The reports said that authorities have started a campaign to prepare the people for reunification and that lengthy articles on the subject have appeared in the government-controlled newspapers.

those small groups, in their so-called responsible enthusiasm, are trying to drag the country back to primitivism."

He attacked leftist soldiers who in "the name of a false spirit of democratization of military structures and false liberalization between chiefs and subordinates, break down the barriers to disorder and anarchy that the armed forces represent."

In the end, he said, the extreme left and right run together and he called both groups "counter-revolutionary."

Communist Warning

The incident at the rally coincided with the issuing of another Communist party warning of the possibility of a rightist coup. The party called on the people for "three days of revolutionary vigilance."

The armed forces remained on indefinite alert but reported that the country was calm.

The alert was expected to ex-

tend at least through Tuesday when Portugal grants independence to Angola, its last African possession.

Army Alert

The army alert was ordered only a few hours after unknown men in cars hurled hand grenades at five Lisbon police stations, causing damage but no serious injuries. The stations house security units that are accused by some parachute troops of planning the explosion that destroyed Radio Renascença on the orders of the country's military ruling body.

The full alert was the second emergency measure of its kind recently. Two weeks ago, the Continental Security Command (COPCON), which ordered the alert, said there was danger of counter-revolutionary action by rightist forces. This time, COPCON gave no explanation for the alert but it reflected a mood of gathering tension.

Special Section On Asia

In today's editions of the International Herald Tribune, there is a special section, from Page 9 through Page 13, on the economy in various countries in Southeast Asia. Next month, Japan will have a similar special section.

UN Assembly to Vote Today On 2 Palestinian Resolutions

UNITED NATIONS, N.Y., Nov. 9 (UPI).—The UN General Assembly will vote tomorrow on resolutions that would appoint a committee to work for the establishment of a Palestinian homeland and would invite the Palestine Liberation Organization to all UN peace talks on the Middle East.

Israel, which opposes both measures, faces another setback if a resolution equating Zionism with racism comes to a vote in the afternoon as scheduled.

A resolution, introduced on behalf of the PLO, calls for a committee that would implement last year's resolution on Palestine adopted by the Assembly following PLO leader Yasser Arafat's speech.

That resolution affirmed "the inalienable rights of the Palestinian people in Palestine" to self-determination and national independence.

Right of Return
It also approved the right of the Palestinians "to return to their homes and property from which they have been displaced and uprooted." Israel was established as a nation in 1948 on part of what had been Palestine.

The committee would be ordered to report to the Security Council on its work by June 1. A second resolution, introduced by Egypt, calls for inviting the PLO to participate in all efforts, deliberations and conferences on the Middle East, which are held under the auspices of the United Nations on an equal footing with other parties.

Thus, the PLO would not be included as part of another dele-

U.S. Sees No Progress in Reply By Russians at SALT Talks

WASHINGTON, Nov. 9 (UPI).—The long-awaited Soviet response to the latest U.S. proposal for a new nuclear arms limitation treaty has been received but it does not move the situation forward, a high U.S. official said.

Other administration officials said Friday that the reply es-

entially did no more than reaffirm Moscow's previous stance. They conveyed the impression that the Russians were still contending that their new super-sound missile, called the Backfire, should not be counted as a strategic weapon. The Russians also reportedly had not changed their position regarding limitations on U.S. cruise missiles.

They held that the submarine low-flying missiles, launched from aircraft carriers, should be counted in the agreement if they exceeded a range of 375 miles. Washington's position has been that only missiles with a much longer range should be counted.

Thus, the differences between the two sides in this year-long negotiation have not been narrowed. The Soviet reply was received by the White House before President Ford announced the personal message to the Soviet Union.

The measure to equate Zionism, the movement that established Israel as the Jewish state, with racism was passed by the Assembly's Social, Humanitarian and Cultural Committee on Oct. 17 by a vote of 70-29 with 27 abstentions.

U.S. Delegate Leonard Garment branded it an "obscene act" and the resolution has drawn opposition from a host of organizations in the United States. President Ford also has condemned it.

On Friday, Luxembourg Premier Gaston Thorn, who is the Assembly president, said it would be "political poison" if the UN condemns Zionism.

Mr. Thorn said he hoped the Assembly vote would be postponed and that the European Common Market, of which Luxembourg is a member, would seek a postponement.

PLO at FAO Parley

ROME, Nov. 9 (UPI).—Over objections by Israel and the United States, the UN Food and Agriculture Organization yesterday admitted the PLO as an observer at its governing conference.

The conference, held without a vote to admit the four-man PLO delegation. The conference also recognized observer delegates from a group of African liberation movements.

Doctors Voice Hope on Franco

MADRID, Nov. 9 (WP).—

Generalissimo Francisco Franco's physicians today held out hope for the first time that the 82-year-old Spanish leader could recover from the heart attacks and other internal illnesses that have repeatedly brought him to the edge of death during the last three weeks.

"It is exceptional," said Dr. Manuel Hidalgo, head of the surgical team that removed most of Gen. Franco's stomach Friday night.

"The patient could live very well and take nourishment despite the removal of the stomach if he recovers completely," Dr. Hidalgo said.

Four medical bulletins issued today said Gen. Franco was resting normally and that his pulse, blood pressure and temperature remained stable.

Temporary UN Take-Over Expected

Hassan Calls Back Marchers; Declares Objective Achieved

From Wire Dispatches

AGADIR, Morocco, Nov. 9.—King Hassan declared today that his "march of conquest" into the Spanish Sahara had "achieved its objective" and ordered the hundreds of thousands of volunteers to return to Moroccan territory.

In a nationwide radio address on the third day of the unarmed invasion of the Spanish Sahara, the King said he was returning tomorrow to his Marrakech palace to resume negotiations on the future of the disputed territory.

He said the volunteers who have set up camps inside the Spanish territory could all be withdrawn to their base camp at Tarfaya on the Moroccan side of the border.

King Hassan said, "Our march has borne more fruits than expected. We will establish relations with Spain on a new basis."

UN Administration

In exchange for the withdrawal of the marchers from Spanish Saharan territory, the Spanish government was expected to announce its intention to transfer the administration of the colony to the United Nations, a proposal made by Secretary-General Kurt Waldheim as a temporary solution.

Ever since the King ordered the march, Moroccan officials have been expecting the planned 350,000 participants to go all the way to El Aun, the Saharan capital.

Spain, stiffening its stand as the tensions kept building up, rejected Morocco's demand for a unilateral surrender of the territory. Algeria supported this Spanish stand.

In Madrid, official sources said that Spain warned King Hassan during the weekend that it would land marines and station missile-carriers and destroyers along the Saharan coast if the marchers attempted to move through the defensive lines established by the Spanish Army six miles inside the territory.

30 Naval Vessels

Spanish officials confirmed that Spain had moved more than 30 naval vessels, including six missile-carriers, four destroyers and several landing craft with marines aboard into the Canary Islands, 150 miles off the Spanish Sahara.

Spain also continued negotiations with the King.

In his radio address, King Hassan paid tribute to the volunteers who listened to his 10-minute

statement over transistors in their tent camps.

"You have written a glorious page in our history," the King said. "You have shown unparalleled courage... The march has achieved concrete results."

"We must now return to our point of departure and study the problem under a different angle. There are no winners and no losers."

He had special praise for Spain, which he said was Morocco's "friend and neighbor... with whom there can be no question of a confrontation."

He said he was confident that the forthcoming talks on the Sahara problem would be held

in "our traditional atmosphere of friendship and good neighborliness" and would place Morocco's relations with Spain on a new basis.

He did not refer to Algeria, which has been the most vigorous opponent of a Moroccan takeover of the Spanish Sahara and, according to Moroccan officials, placed heavy diplomatic and economic pressure on Spain before the march began to repudiate a provisional agreement reached earlier by Spanish and Moroccan negotiators.

Nor did he refer to his talks in Agadir yesterday with a Spanish government official, Antonio Carro Martinez, Moroccan

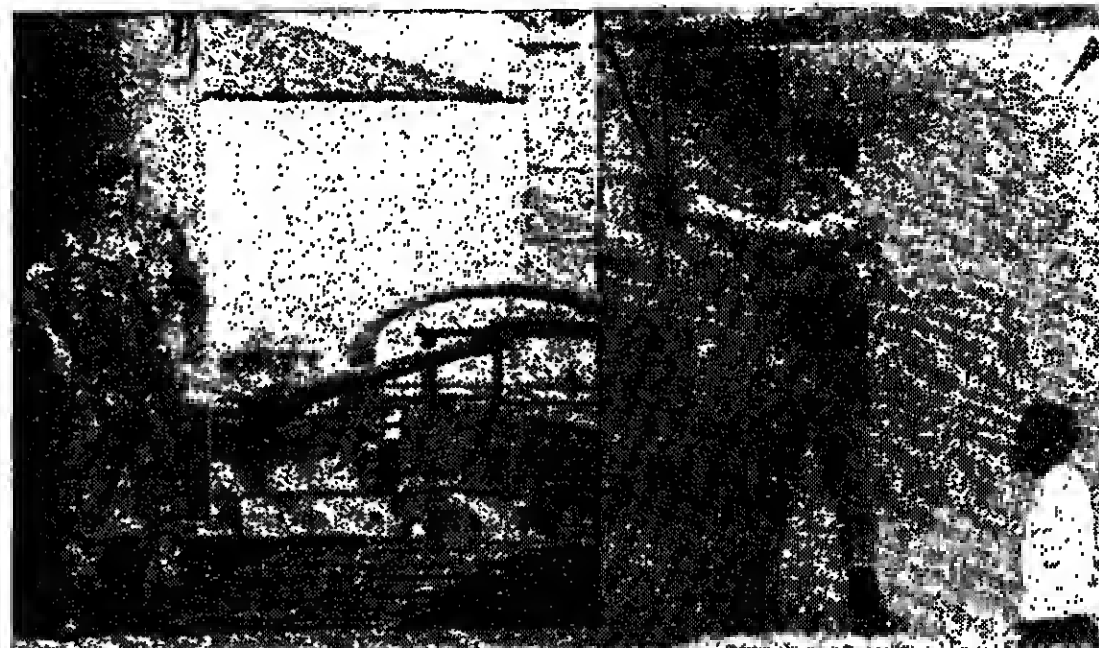
sources said Mr. Carro and the King reached an informal understanding.

Spain's national radio welcomed the announced withdrawal of the marchers as a demonstration of King Hassan's responsibility toward his people and respect for Spain.

"It greatly reduces tension created by the march," it said.

There was no official comment. The radio said: "The Spanish Army has maintained intact its prestige and honor. Just and impartial solutions to safeguard the interests of all parties are still within reach."

Official Moroccan sources said (Continued on Page 2, Col. 1)



ON GUARD IN LUANDA—Portuguese troops protect tanks before removal from Angola.

Between Separatists, Angolan Group

Fighting Is Reported in Cabinda

By David B. Ottaway

LUANDA, Angola, Nov. 9

(UPI).—Fighting has broken out along the border of Zaire and the oil-producing Angolan enclave of Cabinda between troops of the leftist Popular Movement for the Liberation of Angola (MPLA) and Cabindan separatists, according to reports reaching here today.

Initial and fragmentary reports said there was artillery fire and sporadic shooting near the town of Tando Zimbo, about 25 miles northeast of Cabinda city.

The fighting was understood to involve the MPLA, which controls the enclave and troops of the separatist organization, the Front for the Liberation of the Enclave of Cabinda (FLEC), which has already declared unilaterally the independence of the enclave from the rest of Angola.

Troops of the Zaire Army also have been moved to the Cabinda border but as of tonight there was no report that they were involved in the fighting.

Offensive Expected

Sources here, following events in the enclave, where Angola's offshore oil resources are located, said a major offensive by the Cabinda front and possibly the Zaire Army was expected on Tuesday, when this Portuguese colony becomes independent.

The Cabinda front, which is based in Kinshasa and has the backing of Zaire, is thought to have an army of 2,000 men, including 500 well-trained soldiers who formerly belonged to special army units of the Portuguese colonial army here.

The reports reaching here today said the fighting on the Cabinda border had begun late yesterday and was continuing today. The situation in Cabinda city was said to be calm.

There were no reports of fighting in the small town of Milungu, where the installations of the Gulf Oil Co. are located. Gulf is Angola's major oil producer and source of foreign exchange earnings.

The MPLA, which gained control of Cabinda last summer, is thought to have about 2,000 troops in the enclave and to be getting assistance from Cuban advisers.

Luanda Readies for Siege

LUANDA, Nov. 9 (UPI).—A dozen black civilians lay on their backs in a neat row on a Luanda sports field, sweating from heat and exertion. An army instructor of the MPLA, wearing combat boots, ran across their stomachs.

Nearly, white Portuguese women leaptfrogged over black youths. The Soviet-backed M.P.L.A., which controls this capital city

threatened by a major assault by forces of the two other Angolan independence movements, was toughening up hundreds of Luanda residents—black and white, men and women—to be members of the city's civil defense units.

The MPLA plans to declare itself the ruling power in the West African nation when Portugal withdraws on Tuesday after five centuries of colonial rule.

Joint Command
To the north, east and south of the once-bustling seaside capital, a joint army of the National Front for the Liberation of Angola (FNLA) and the National Union for the Total Independence of Angola (UNITA) is advancing in an attempt to take Luanda before Tuesday.

MPLA sources have reported that FNLA suicide squads are in Luanda to launch guerrilla attacks and disrupt Tuesday's independence celebrations.

FNLA sources said they intended to "flatten the city." The FNLA and UNITA have massed forces north of Quifangundo, 12 miles from here.

East European diplomatic sources and Portuguese Army officials said the joint army has captured the strategic port of Lobito, 400 miles south of Luanda. The forces in the south are commanded by former Portuguese Army officers and include some reportedly South African—white mercenaries.

Another Column

A third joint army column is heading for Luanda from Nova Lisboa, about 400 miles to the southwest.

The MPLA is trying to cut the joint army's supply lines. MPLA troops have captured two towns, Piri and Quibala, midway between Luanda and the FNLA stronghold of Cuernavaca, about 200 miles northeast of Luanda.

Amin Warns on Soviet Ties

KAMPALA, Nov. 9 (Reuters).—President Idi Amin said today that Uganda will break off relations with the Soviet Union if he does not receive within 48 hours an explanation from Soviet leader Leonid Brezhnev about what the Ugandan head of state called Soviet involvement in Angola.

President Amin, who is this year's chairman of the Organization of African Unity, made the statement at a hotel where he received the Soviet Ambassador to Uganda.

The President spoke after Ambassador Alexei Zakharov delivered a message demanding that Uganda should express its solidarity with one of Angola's liberation movements, Frelimo. Amin's office said.

U.S. Detains Greek Captain of Vessel

'Chemical Fingerprints' Lead to Oil Spill Arrest

By James T. Wooten

PHILADELPHIA, Nov. 9 (UPI).—"Chemical fingerprints" led environmental detectives on a three-month ship hunt that has ended here with the arrest of a Greek captain on criminal charges arising from a huge oil spill off the Florida Keys.

Vasilios Pasouris, master of the Garbis, an 856-foot Liberian vessel, was taken into custody early Friday morning, a few hours after he docked the giant ship at a Delaware River pier in South Philadelphia.

It was from the holds of the Garbis, Coast Guard officers said, that more than 40,000 gallons of oil was spilled into the Atlantic Ocean in July, blackening the Florida coastline for 50 miles and necessitating a cleanup operation that cost nearly \$400,000.

The arrest is the first of its kind under provisions of the U.S. Water Pollution Control Act. It was the result of a complex investigation that ranged from

Texas to New England and settled, on the basis of chemical evidence, on the Garbis, a British-owned bulk carrier.

Capt. Pasouris is accused of not having reported to the U.S. authorities the discharge of oil into the ocean within 50 miles of U.S. shores.

Capt. Pasouris, if convicted, could be fined up to \$10,000 and sentenced to a maximum of a year in prison. After a preliminary hearing Friday, he posted \$10,000 bail pending another hearing tomorrow morning.

The warrant for his arrest originated in Miami. A spokesman for the U.S. Attorney's Office here said a trial in Florida was likely, although Alfred Kufiar, the captain's attorney, indicated that he would oppose such a transfer.

The Garbis had been scheduled to leave Philadelphia today, after unloading its cargo of iron ore but now will probably remain in port at least until the hearing tomorrow.

Lt. Thomas Moore and other

Coast Guardsmen here, in New York and in Miami, said the search for the origin of the spill was the most extensive hunt for an environmental offender in the history of the organization.

It began when the pilot of a private aircraft and several fishing-vessel skippers reported a huge oil slick southeast of Key West, Fla., on July 18. While the cleanup operation, a \$307,000 enterprise, was in progress, Coast Guard chemists and technicians for the Environmental Protection Agency took samples of the oil.

At a Coast Guard laboratory in Groton, Conn., and at an EPA lab in Athens, Ga., the oil taken from the ocean was "fingerprinted"—precisely identified through a series of tests, Lt. Moore explained.

Meanwhile, other Coast Guard "detectives" were examining shipping records to ascertain which vessels were in the area or could have been in the area of the spill in the middle of July.

"We started with the premise that every tanker in the world

was suspect," said Lt. Rick Williams, "but we finally narrowed it down to 247." Each of those vessels was boarded by Coast Guard personnel and samples taken from the oil in their holds.

The Garbis, it was found, was on the way from Rotterdam to New Orleans and could have been in the vicinity of Key West at about the date of the spill. The ship had met a launch from Miami for a chemical cleaning and then headed on to Louisiana.

There, Coast Guard chemists boarded the Garbis and took a sample of its oil.

Using spectrofluorometry, thin-layer chromatography and a technique with iodine, the Coast Guard and the EPA conducted 731 separate tests at their laboratories in Georgia and Connecticut. When they were finished, Lt. Moore said, every piece of evidence led to a single conclusion.

The oil from the spill perfectly matched the oil taken in the Garbis sample, Lt. Moore said.

Article Urged Democratic Rule

Head of Spain Catholic Daily Is Indicted for Reform Plea

By Miguel Accoa

MADRID, Nov. 9 (UPI)—The editor of the leading Roman Catholic daily newspaper in Spain has been indicted for publishing an article written by Christian Democrats which called on Prince Juan Carlos to give political freedom to "all" Spaniards, regardless of ideology, when he finally assumes the monarchy.

The spiritual leader of the

Spanish Catholic church, Madrid's Vicente Cardinal Enrique y Tarazona, Archbishop of Madrid, today issued a statement supporting the article.

"Uniformity is against nature" and "incompatible with liberty," the cardinal said. "The responsible participation of all Spaniards is indispensable so that our motherland can have an audience in the world." The Christian Democrats are seen as potentially the largest and most powerful political force in Spain.

The unusual move yesterday by the Public Order Tribunal here against Alejandro Fernandez Pombo, editor of *Ya*, a moderate newspaper, transcended the recent crackdown on Spanish newspapers and magazines for advocating reforms once the gravely ill Generalissimo Francisco Franco, 82, dies.

Demands for Democracy

It appeared to observers here that the government and the political court acted to gag accelerating demands in Spain for a full-fledged democracy—including legalization of the outlawed Communist party—under Prince Juan Carlos, who has been acting chief of state for the last 10 days.

Ya's editor was indicted and charged with attempting to subvert the constitutional law, which sets the narrow ideological limits of the Franco regime. The article said that Gen. Franco's successors were not only the Prince, who will rule as king, but the government and the Spanish people.

The article was written by a group of Christian Democrats calling themselves "Tactico." It was printed on Oct. 31, the day after Prince Juan Carlos was appointed interim chief of state.

But the article was ordered removed from the newspaper by the Information Ministry which then halted the remainder of the newspaper's circulation that day. Twenty other daily newspapers throughout Spain were also forced to withdraw the syndicated political column.

A spokesman for four of the "Tactico" group said today that they will appear in the Public Order Tribunal tomorrow to tell the judges that they are the authors. The editor is free after posting a \$500 bond.

Hassan Tells His Marchers To Pull Back

(Continued from Page 1)

more than 250,000 volunteers were camped in the Spanish Sahara in three main columns.

In an interview with the French weekly *Le Nouvel Observateur*, Algerian President Houari Boumedienne denied Moroccan charges that Algeria was seeking an outlet to the Atlantic by sponsoring a new Algerian-dominated state in the Sahara.

Mr. Boumedienne accused the United States and France of having put pressure on Spain to hand the Spanish Sahara over to Morocco and "establish a cordon sanitaire around Algeria." He warned that it would not be in the interest of the United States and its European allies to "add to our difficulties, (because) although we are a small country we have enough grains of sand to pour into a lot of machines."

Moktar Ould Daddah, president of neighboring Mauritania, which has agreed with Morocco to partition the Spanish Sahara territory, is due in Algiers tomorrow for talks with Mr. Boumedienne. Moroccan sources said Mr. Ould Daddah was making a new effort to persuade the Algerian leader to accept a compromise solution.

King Hassan announced the march of 350,000 Moroccans Oct. 18 after the World Court issued a ruling effectively undercutting Morocco's historical claim to the territory, which is rich in phosphates.

Spain had earlier said it would hand over the territory to UN control for a poll of the territory's 300,000 to 60,000 residents to determine the Sahara's political future. King Hassan had rejected any referendum.

W. German Pact With Poles Hits Bundesrat Snag

BONN, Nov. 9 (Reuters)—Five West German states have opposed the federal government's "people for money" treaty with Poland on its first reading in the upper house (Bundesrat) of Parliament.

The five states, ruled by the opposition Christian Democratic Union, termed the agreement signed by Bonn and Warsaw earlier this year "inadequate" and submitted a resolution demanding more precise terms from Poland.

In return for a lump-sum payment covering Polish pensions claims plus an easy-term loan, Poland has agreed to grant exit visas for up to 125,000 ethnic Germans to be repatriated. About 280,000 have applied for visas.

The CDU has a one-vote majority in the Bundesrat. In debate on Friday, Foreign Minister Hans Dietrich Genscher stressed the humanitarian aspect of the agreement and appealed to them not to endanger it by sticking to a policy of "all or nothing."

The CDU listed 11 objections, including the possibility that Poland might make similar cash demands in the future for letting the remaining ethnic Germans go.

The agreement has to be ratified by both houses. The lower house (Bundestag), where the government coalition has a majority, has yet to debate it.

Canada Language Issue

OTTAWA, Nov. 9 (UPI)—Delegates to the Federal Liberal Convention yesterday voted down a motion to have Quebec's controversial legislation making French the official language sent to the Supreme Court for a test of constitutionality.

Indonesian Ships Shun Australia

JAKARTA, Nov. 9 (Reuters)—Indonesia yesterday ordered a suspension of all shipping to Australia to protest a boycott of an Indonesian vessel by port workers in Sydney.

Communications Minister Emil Salim said no Indonesian ship would call at Australian ports until further notice. The Indonesian cargo ship *Gara Dua* is being held up by dock workers who are demanding more information from Jakarta on five Australian newsmen missing in the Portuguese Timor town of Balibo.

The Indonesian Army newspaper, *Berita Yudha*, yesterday reported that civil strife was continuing in Portuguese Timor, with leftist Fretilin forces attacking three towns within 35 miles of the capital, Dili.



BRITISH IN BELIZE—A Royal Air Force pilot debarks at Belize International Airport.

Belize Village Fears an Invasion

By Joseph B. Treaster

PUNTA GORDA, Belize, Nov. 9 (UPI)—Bart Foster peered through field glasses across the Gulf of Honduras to the dark blue mountains rising from the coast of Guatemala.

"There's a lookout post over there," he said, handing the binoculars to a journalist. "They can see us all the time."

For years, no one in this sleepy coastal village of 2,000 farmers and fishermen cared that the Guatemalans were watching. But now there is fear that an attack is being prepared and that Punta Gorda is the chief target.

There have been reports of Guatemalan armored vehicles near Belize's western border with Guatemala, less than 20 miles away, and some farmers say that they have seen Guatemalan soldiers in hamlets just inside Belize.

Historically, Guatemala has claimed that the self-governing British colony of Belize—formerly British Honduras—was a part of its territory. A number of other countries, however, have recently supported independence for Belize, and this has caused Guatemala to reassert its claim more forcefully than ever.

In secret negotiations not long ago, Western diplomats say, Guatemala indicated it would settle for the lower quarter of Belize, from the Monkey River south, which would greatly expand Guatemala's exposure to the Atlantic and give it control of a section where international



NYT.

companies have been prospecting for oil.

Until recently, only a handful of British soldiers were based near Punta Gorda. But in the last few days, as reinforcements have arrived from Britain, scores of fresh troops have been ferried south from Belize City in helicopters and trucks and a number of soldiers have also been seen disembarking from the frigate HMS Zulu.

As in the rest of Belize, the majority of the people here are Caribs or Creoles. But unlike the other Belizeans, whose language is English and local dialects, 90 per cent of the residents of Punta Gorda also speak Spanish, like the Guatemalans. They listen to the Guatemalan radio more than to the station in Belize City, 125 miles to the north; many have brothers, sisters and children in Guatemala.

Still, the people proudly call themselves British and insist that the Guatemalans are uncivilized, lawless and violent people whom they want in part of.

But the Mayor, Alejandro Vernon, says that he believes Guatemala has a valid claim to Belize and contends that a Guatemalan take-over would produce an aphrodisiac in the economy.

Above all, however, the people of Punta Gorda want their tranquility preserved. Some even say that, if Guatemala insists on having their land, they would rather hand it over than fight. Then, they say, they would try to move elsewhere.

SALT Reply By Russians

(Continued from Page 1)

Changes in his administration last week but the officials insisted that it did not affect the shake-up decision in any way. Word of the response came late Wednesday when the State Department posted the news on its bulletin board as a correction to a question that had been posed by reporters the previous day.

The negotiations are linked to the agreement in Vladivostok last November between Mr. Ford and Soviet Communist party leader Leonid Brezhnev. They agreed that neither side could exceed 2,400 strategic delivery vehicles, defined as intercontinental land-based missiles, long-range bombers and long-range submarine-launched missiles. Within that limit, neither side could have more than 1,250 missiles with multiple independently targetable nuclear warheads, or MIRVs.

This agreement left open certain issues including what to do about the Soviet Backfire bomber and Cruise missiles, which subsequently came to dominate the talks. Secretary of State Henry Kissinger has stated that the United States should be prepared to make important concessions on these issues since, in his opinion, the Russians made the major concessions at Vladivostok.

The administration had hoped to have made the announcement of the four-to-five day visit last week but the Chinese delayed, in turn holding up the departure of a U.S. advance team to China.

Indirect Statement

Following the Communist custom of making views known by reporting favorably from comments made by others, without making a direct statement of its own, the report quoted Sen. Henry Jackson, D-Wash., a well-known critic of détente with the Soviet Union, as saying that Mr. Schlesinger's removal "is a loss to the nation in the pursuit of a prudent defense and foreign policy."

The Chinese news agency commentary omitted the remarks made by Mr. Ford Monday that the United States would maintain a strong defense and not rush into agreements with the Russians. The report also was issued before Mr. Ford's strong speech Friday denying that Mr. Schlesinger's ouster would affect the nation's defense posture.

Mr. Ford's speech in Boston was aimed in part at easing any Chinese concern. Some officials believed that the Chinese decided to issue the commentary to let Mr. Ford know in the clearest way possible of their irritation over the détente policy.

ARNHEM, the Netherlands, Nov. 9 (UPI)—Dutch industrialist Tiede Herrema, released on Friday by Irish Republican Army guerrillas after 36 days of captivity, was under close medical observation in a hospital today, suffering mental and physical exhaustion.

His eldest son, Jelle, 28, said at his home in this eastern Dutch town: "Physically, he is quite exhausted. His weight loss was tremendous. When I held him by the arm I could see it and feel it. Mentally, his condition seems generally sound in the circumstances, although he is being watched closely by specialists."

The family held a reunion last night in the nearby town of Nijmegen before 54-year-old Mr. Herrema went to the hospital, and Jelle said his father planned to take a long vacation after being discharged. Mr. Herrema's wife, Elisabeth, is staying with friends in Nijmegen.

Mr. Herrema has three other sons, Sjoerd, 25, Yde, 17, and Harm, 14. All are staying in the Netherlands except Yde, who is at school in Limerick, Ireland, where his father is managing director of the Dutch-owned Ferkina Steel Cord Co.

Kept Up Resolve

Mr. Herrema greeted his family after arriving in Rotterdam from Dublin yesterday.

"He told me when we were alone that he had made a deliberate effort throughout his captivity not to even think of family

Pirate Radio Adrift

LONDON, Nov. 9 (Reuters)—Angry coast guardsmen complained that pop music fans jammed their telephone lines with emergency calls early today after a pirate radio ship, *Radio Caroline*, broadcast over the air that it was adrift in heavy seas. Later, it anchored.

Despite Drop in Lebanese Fighting

Tension Remains High on Israel-Syria Front

By Eric Pace

KUNMITRA, Syria, Nov. 9 (UPI)—Tension is running high in the Syrian-controlled part of the Golan Heights despite the waning of the fighting in nearby Lebanon and the consequent fading of fears that Israel and Syria might somehow become involved.

"It is the Israelis who try to keep the tension high," said Nadim Khathib, an official of Syria's ruling Ba'ath Socialist party, at the town hall of this rural farming center that formerly served as the capital of the Golan Heights.

In recent weeks, Syrian officials have charged that Israeli rifle shots killed a peasant couple who were plowing near the Israeli front line, which runs through Kunmitra's outskirts. They also charged that Israeli spokesmen were increasing tensions with "misleading" statements that Syria was massing troops near the Golan Heights front, which is watched by a United Nations force.

Syria is understood to have moved two army divisions toward the front recently from positions nearer the border with Iraq. Syrian officials say that Syrian gunners wounded at least four Israeli soldiers on the front late last month. And Damascus is taking a variety of measures to keep Arab patriotism high in the area.

A Sellout

These moves are in line with Syria's determination to refuse an interim settlement with Israel similar to the second-stage Egyptian-Israeli Sinai agreement, which is denounced by Damascus as a sellout of the Arab cause.

Political as well as economic reasons, the Syrian government has been trying to encourage farmers to keep on tilling their land here within range of Israeli guns. It is paying for new chenderblock housing in the village of Khan Anabeh, northwest of here.

"But there are fewer farmers plowing along the front line here now than there were at the spring plowing, said a Kunmitra municipal official, Adnan Mo'asa. "They do not want to give the Israelis the chance to kill them."

Mr. Mo'asa said that about half of the 200 or so farmers who planted wheat in the stony volcanic soil surrounding Kunmitra this year were still working here, but that the rest had left.

We Are Happy

A farmer from the village of Ram Tabei, 10 miles from the front, said, "We are happy that we live in safety."

But the Syrian officers who checked and greeted a traveler

2 Ships Reach Israel After Suez Passage

TEL AVIV, Nov. 9 (UPI)—Two cargo ships passed through the Suez Canal and arrived at the Mediterranean port of Ashdod today in the first northward such voyage since Egypt permitted Israeli-bound vessels through the waterway.

One ship, the *Seabird*, flying a Liberian flag, arrived empty to load pipes for shipment to Iran, the national radio reported. It will probably make its return voyage through the canal. The second ship, the *Ven Dea*, flies the British flag. The first Israeli-bound ship to transit the canal since the 1950s steamed south from the Mediterranean and docked Oct. 30 at Eilat.

Warning in Guatemala

GUATEMALA CITY, Nov. 9 (Reuters)—A spokesman for an extreme rightist opposition group, the National Liberation Movement, told reporters yesterday that its 4,000-man armed force is "ready to take up arms against the English."

The NLMA's force, made up chiefly of small farmers from the country's eastern region, has often intervened decisively in Guatemalan politics, helping overthrow a leftist government in a 1954 coup and fighting a successful private war against Communist guerrillas in the late 1950s which left thousands dead.

because he did not wish to succumb to his feelings and weaken his resolve to get through it all without breaking down," Jelle said.

"He told me that to keep his sanity he did gymnastics in his mind to pretend he was keeping fit, although he was in fact bound and blindfolded for much of the time. He also played imaginary chess games."

Mr. Herrema said in an interview with Dutch television, recorded in Dublin and screened today, that he did not rule out visiting his two captors, Eddie Gallagher and Marian Coyle, in jail in Ireland. But he said he needed time to think about this

and whether he would return to his post in Limerick.

His captors presented him with a pistol bullet as a souvenir of his ordeal. Mr. Herrema said the bullet and his penknife, which the kidnappers had taken from him, were given to him by Gallagher shortly before his release at 2150 GMT last night.

"He gave it to me before he surrendered," Mr. Herrema said. "Maybe if things had gone wrong, this could have been the bullet that killed me."

In Dublin, Gallagher and Miss Coyle, refusing to cooperate with a special court, were yesterday remanded in custody until Dec. 8.

The 38-year-old Gallagher and

on the Golan Heights Thursday were less happy. A colonel motioned to the southwest, toward the part of Syria's Golan Heights terrain that Israel seized in the 1967 war, and said: "This land is ours. If they do not give it to us, the only way we shall have it back is by war."

The Israeli and Syrian forces are separated by a buffer zone watched over by a Polish and Austrian troops of the UN force. Just northeast of the zone there is an elaborate new cemetery for 300 Syrian soldiers who died fighting for the Golan Heights in the 1973 war.

Patriotic ardor is fanned here in other ways. The Ba'ath party sends Mr. Khathib and others to promote Arab nationalism among the farmers say that much of the destruction of Kennefieh occurred during the fighting for the town, which they originally seized during the 1967 war. But they concede that there was some deliberate destruction by Israeli troops as they withdrew from the area.

BEIRUT, Nov. 9 (UPI)—Scattered shootings and kidnappings persisted in Beirut today despite a week-old cease-fire agreement. Meanwhile, a papal envoy arrived to begin a Vatican initiative aimed at ending the civil strife between Moslems and Christians.

A new political crisis loomed following a joint statement by Lebanese Moslem and Palestinian guerrilla groups that accused the chief of army intelligence of trying to provoke further strife. Barricades went up in several sectors of eastern Beirut following the kidnapping of at least five persons and a brief clash between Christians from the Ain Rummaneh sector and Moslems from neighboring Chiah.

Beirut radio said an army patrol policing the cease-fire also clashed with a group of leftists in Chiah but gave no other details.

Mediation Is Aim

The papal envoy, Paolo Cardinal Berrini, arrived on what government sources said was an initiative by Pope Paul VI to mediate an end to Lebanon's civil strife.

"I was sent by His Holiness the Pope in these critical and tragic circumstances in Lebanon's history to show the Pontiff's concern with this country," Cardinal Berrini said.

In the political flare-up, the leftist and Palestinian statement accused the *Dumieine* Bureau, or army intelligence, of trying to provoke further civil strife to bring about intervention against the leftists by the predominantly Christian-officer army.

The statement charged that *Dumieine* Bureau agents, allegedly acting on orders of Col. Jules Bustany, the bureau's chief, "launched extreme terrorist acts against all parties, including killing, theft and arson, in order to provoke cease-fire breakdowns. The statement charged that the *Dumieine* Bureau was 'the third party' in the strife."

The leftist propaganda campaign against the army began

British officials confirmed that Foreign Secretary James Callaghan had told Mr. Sadat that London's embargo on Jaguars for Egypt was being ended.

The Guardian newspaper reported that Mr. Sadat had been on a shopping trip for Egyptian Minister Elbadly Wilson to buy 200 Jaguars at a cost of \$12 billion. Mr. Sadat refused to comment on the article.

Overall Aim

Egyptian officials said Mr. Sadat had achieved his overall aim, to diversify the suppliers of his weapons. "Since his break with the Soviet Union, this has become important for the Egyptian leader."

In his three-day visit here, Mr. Sadat spoke with Mr. Wilson about a British political mission and spent two days with British businessmen. He is eager to spur investment in Egypt and said he would be able to announce some projects "in the near future."

Mr. Sadat was asked why his arms-buying trip had been more successful in London than in Washington, which he visited earlier last week.

The President replied that he had begun his weapons diversification program with Britain after France last year and so could negotiate specific orders with both countries. During his visit to the United States, he said he could only sketch in the broad outlines of his military needs.

Mr. Sadat said his differences with Syria and the Palestinian Liberation Organization were tactical, rather than strategic, but the whole Arab family, he said, was united on the objective of refusing to surrender an inch of our land and restoring the rights of the Palestinians.

Schlesinger Gets Study Position at Johns Hopkins

WASHINGTON, Nov. 9 (UPI)—Defense Secretary James Schlesinger will join the Johns Hopkins School for Advanced International Studies in Washington tomorrow.

Mr. Schlesinger, who put in his last full day of work as defense secretary at the Pentagon Friday, will be a fellow of the school, according to sources.

Robert Ogwood, a former member of the National Security Council staff under Secretary of State Henry Kissinger, is dean of Johns Hopkins.

Mr. Schlesinger will have an office at the school and will prepare on U.S. security issues, sources said. The school usually does not pay fellows, according to officials there, but Mr. Schlesinger, it is presumed, will receive some compensation.

The ousted defense secretary, father of eight children, is not independently wealthy and thus is expected to take other jobs in addition to the one at Johns Hopkins. The Brookings Institution is among those that have approached Mr. Schlesinger.



SAFE—Tiede Herrema's sons watch him answer questions at Rotterdam news conference.

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Friction With Kissinger

Ford Says 'Growing Tension' Led to Schlesinger Dismissal

By Lou Cannon

WASHINGTON, Nov. 9 (WP).—President Ford said today that "growing tension" within his administration led him to fire Defense Secretary James Schlesinger.

After a week of insisting that he ousted Mr. Schlesinger and CIA Director William Colby last Monday because he wanted his "own team" in the Cabinet, Mr. Ford acknowledged for the first time that friction between Mr. Schlesinger and Secretary of State Henry Kissinger had created problems for him.

"This doesn't mean that either of those individuals (Mr. Schlesinger and Mr. Colby) was not performing his job in a very effective way," Mr. Ford said. "But for me to do the job as well as I possibly can, I need a feeling of comfort within an organization. No tension, complete cohesion. There was a growing tension and I felt very strongly that I needed to have a comfortable feeling even though people might disagree."

"I would say that it was an overall problem and I felt that the best way to remedy it was to take the actions that I did," Mr. Ford said.

Mr. Ford said Mr. Kissinger and Donald Rumsfeld, whom he has named as secretary of defense, would not necessarily find themselves in agreement, "but I think the atmosphere will be infinitely better and permit me to do a better job."

In an hour-long special television program of "Meet the Press," the President also:

- Virtually acknowledged that a nuclear arms accord and a sum-

mit meeting with Soviet leader Leonid Brezhnev are beyond reach this year. Mr. Ford said that "the timetable doesn't look encouraging for 1976" to complete Strategic Arms Limitation Talks (SALT) at a long-delayed Washington summit meeting with Mr. Brezhnev. Furthermore, the President said, "under no circumstances do I feel under pressure to get an agreement by a certain date." He said the SALT negotiations are continuing.

• Said he would campaign affirmatively against Ronald Reagan, who as governor of California "had a tough situation" and did a good job. But Mr. Ford challenged Mr. Reagan to enter all 50 state primaries, as the President has said he will do, rather than "entering some and ducking others."

• Refused to reject his nominee for defense secretary, Mr. Rumsfeld, or his nominee for CIA director, envoy to China George Bush, as vice-presidential possibilities. Mr. Ford also said there was "some merit" to the idea that the public ought to know "earlier than the last minute" who his vice-presidential selection will be, "but we haven't focused in on just how that might be achieved."

• Said he saw "no possibility" that former President Richard Nixon would ever be given either a substantive or a ceremonial role in the Ford administration.

• Expressed his willingness to submit to an outside, objective medical test and said he thought it might be "very constructive" for all other presidential candidates to do the same.

• Indicated that he would veto a bill that would extend the House Ways and Means Committee that would extend the present income-tax reduction for another year. The bill does not contain a spending ceiling, which Mr. Ford contends is just as important as the tax reduction.

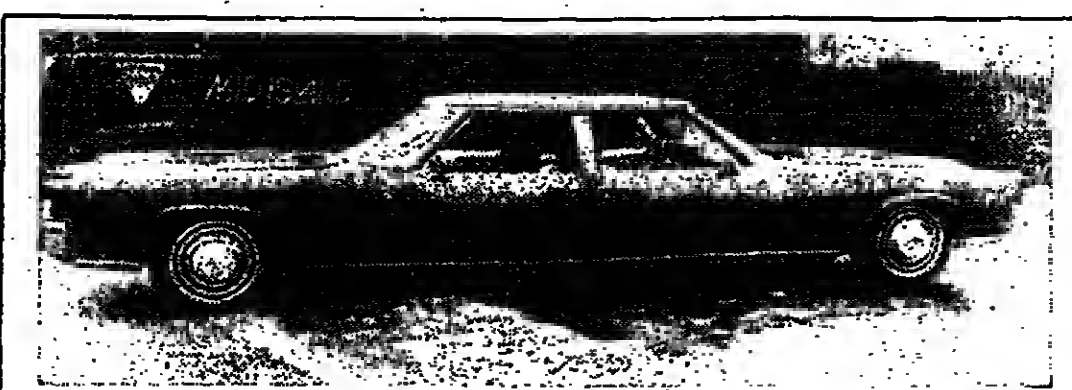
Less Definite

The President was less definitive about the course he intends to follow with two other pieces of controversial legislation. He said that a pending energy bill "puts more and more emphasis on imported foreign oil" and not enough emphasis on energy independence. But he said he was hopeful that there would be several changes in the measure.

Mr. Ford again expressed, as he did in a Boston speech Friday, deep disappointment at a \$1-billion cut made by the House in his defense budget request. The President said he hopes the Senate will restore more of the reductions than the \$544 million recommended last week by the Senate Appropriations Committee and he said that it would be "premature" to say whether he would veto the reduced defense budget and take his case to the courts.

He acknowledged that his presidential campaign organization was not functioning smoothly, saying, "Frankly, it could be better."

But Mr. Ford said that the decision by the voters will be based on the job he has done as president and on the state of the economy, which Mr. Ford predicted would be improving by next year.



DOUBLE PARKING—This car, built for the Mid-Island dealership of New York, has two of everything: two transmissions, two motors, two dashboards and, naturally, it uses too much gas. It took nine months to build, is 21 feet long, weighs five tons and is a U-turner's dream. The price was estimated at \$120,000.

A Conflict Between Life, Ideals

Pasolini's Death Provokes Polemics in Italy

By William Tuohy

ROME, Nov. 9.—The violent death of writer-director Pier Paolo Pasolini has generated an extraordinary outpouring of words in Italian newspapers and magazines.

The unprecedented volume would be more in keeping with the death of a pope or president rather than that of a literary and cinematic figure. And Italy's highly politicized press has seemed confused over just how to handle the details of the death of the 33-year-old intellectual gadfly.

At first, the country's leftist-oriented press pulled out all the stops in its eulogies for their top literary hero, a self-declared idealist and Marxist.

Mr. Pasolini was enshrined by the intellectual left for his poetry, stories and films—"The Decameron," "Canterbury Tales" and "Gospel According to St. Matthew" are the best known abroad—but perhaps even more so for his raging criticism of middle-class Italian society.

Undoubtedly a provocative thinker, Mr. Pasolini was viewed by many intellectuals as one of the premier contemporary moralists, railing against the consumer society and the corruption of youth by middle-class values as transmitted through the school system and television.

Urged End to TV

In fact, he recently advocated that both compulsory education and television be abolished.

Thus, when the news of his slaying first became known, the Communist party newspaper, L'Unita, proclaimed:

"Pier Paolo Pasolini assassinated—a tragic loss to Italian culture and to the whole democratic movement." Communist party leader Enrico Berlinguer sent a telegram to Mr. Pasolini's mother, and novelist Alberto Moravia, a longtime friend, said at his wake: "This has been an irreparable loss for his friends, for those who respected him, for all the Italian people. Pasolini's goodness and his simplicity were a rare thing, not easy to find."

But then the conservative press began weighing in with the details of Mr. Pasolini's death.

On the evening of his death, he had dined with friends and afterward dropped by a bar near Rome's central railroad station, a hangout for young homosexual prostitutes.

According to his intimates, Mr. Pasolini was a frequent visitor at the bar—and others like it. He picked up a 17-year-old

and drove to a deserted section of the Rome beach suburb of Ostia. According to the youth, Mr. Pasolini made homosexual advances, then insisted that the boy "play the role of the female."

The youth refused, an argument ensued and Mr. Pasolini, the boy said, insulted him and struck him. The boy hit back with a board, knocking Mr. Pasolini unconscious, then jumped in the car and ran over him.

While there are still some unanswered questions about his death, what has come to light is the fact that Mr. Pasolini for years made a practice of paying teen-aged youths to have homosexual relations with him.

Police Record

As far back as 1949, a conservative journal reported, Mr. Pasolini was listed in police records as attempting to fondle 15-year-old country boys and paying them off in small change.

Although Mr. Pasolini was an admitted homosexual, it was not clear until his death that his interests centered on teen-agers, usually poor slum boys who would do anything for money.

Other acquaintances indicated that far from establishing most of his youthful contacts on the way to financial success—as he did with some of the young actors in his films—he often abused and demeaned his under-age pupils.

Thus, Mr. Pasolini was accused by rightist commentators not only of corrupting the young but of blatant hypocrisy in so vocally complaining about that very corruption in Italy.

As the columnist Enrico Mattel wrote: "What sort of example are we offering to our youth, to our teen-agers, who see us praising without a word of criticism, without passing a moral judgment, a man who has lived and died the way Pasolini has?"

Some middle-of-the-road columnists also pointed out that had a rightist figure been accused of what Mr. Pasolini had done,

Guilty-Plea Bid By Miss Fromme Gets Her Ejected

SACRAMENTO, Nov. 9 (AP).—Lynette Fromme, 27, was ejected from court Friday at the start of her trial on charges of trying to kill President Ford after she tried to plead guilty and said Charles Manson must be allowed to speak.

She approached the judge's bench as Dwayne Keyes, the U.S. attorney, was starting his opening statement. A jury of six men and six women had just been impaneled. U.S. District Judge Thomas MacBride asked Miss Fromme to sit down. When she refused and continued to speak, he ordered her ejected from the courtroom.

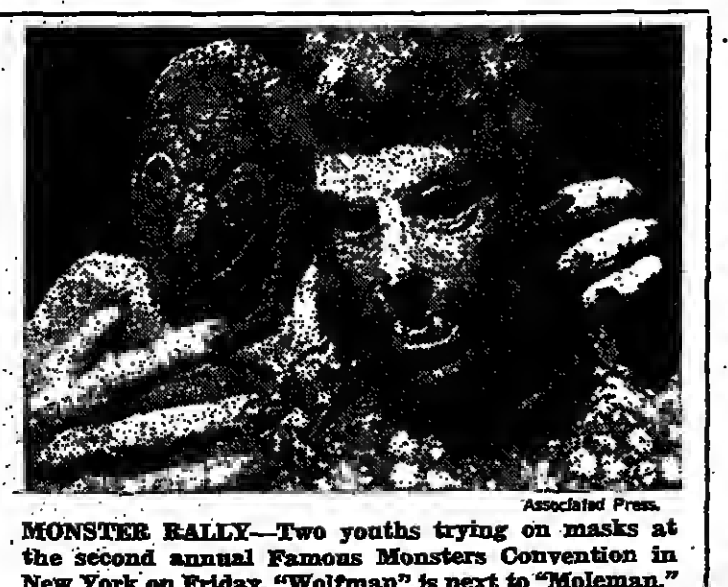
"Manson and our family are my own heartbeat. I can't go to trial unless they are allowed to speak. I'm changing my plea to guilty," Miss Fromme said.

She is a disciple of Manson, who was convicted of murder in the 1969 slaying of actress Sharon Tate and six other persons in Los Angeles. Manson is serving a life sentence in San Quentin Prison.

Chinese-Hungarian Pact

HONG KONG, Nov. 9 (Reuters).—China and Hungary have signed an agreement on scientific and technical cooperation, the Chinese news agency reported.

MONSTER RALLY—Two youths trying on masks at the second annual Famous Monsters Convention in New York on Friday. "Wolfman" is next to "Moleman."



NAACP Plans Major Fund Drive

U.S. Civil Rights Group Is Facing Grave Crisis in Fund-Raising, Paying Debts

By Charlayne Hunter

NEW YORK, Nov. 9 (NYT).—The National Association for the Advancement of Colored People, the country's oldest and largest civil rights group, is in grave financial trouble.

The organization is reported to be barely meeting its payroll, failing to meet increasing legal expenses and unable to satisfy some creditors. Branches of the NAACP are reported to be "barely staying alive."

"It's hand-to-mouth, touch-and-go," said a staff member of the NAACP's New York headquarters. Officials insist that the 67-year-old association is not in any danger of closing down but inside sources contend that its fiscal plight—a deficit of nearly a quarter of a million dollars—is "reaching a point where it could imperil critical programs that are the lifeblood of the organization," including school desegregation litigation.

NAACP officials say that resources to close the budget gap

exist within the organization's 1,400 branches, with a membership of 450,000.

But, in addition to outmoded fiscal practices that the association has moved to correct within recent months, the problem of a senile and aging leadership leaves the NAACP virtually no financial and administrative presence to "beat the bushes" for funds, according to highly placed officials.

Wilkins Illness

"If Roy had his old stamina, he could hit certain key cities and raise the money in a month's time," said an official, referring to Roy Wilkins, the organization's 75-year-old executive director. "But he's been ill and just can't go like he used to."

Mr. Wilkins himself said that the organization was "proceeding under a forced draft" and planned to launch a campaign this week to raise at least \$150,000 from the general public, from the branches, from anywhere we can get it."

He dismissed rumors of not being able to meet the payroll. "We've had trouble doing it but we've missed a payroll in the 40 years since I've been here."

Asked what would happen should the fund-raising campaign not succeed, Mr. Wilkins said, "I wouldn't speculate. Look how long New York City has been speculating. We'll be around this time next year."

Jesse Turner, NAACP national treasurer, acknowledged that the problem was "serious." But, he said, "the association has had a good record and creditors have generally worked along with us. The problem is that creditors are in a tight situation and will not permit you to go as far."

"Healthy, Not Robust" Elinor King, who was hired in April to revamp the fiscal operations of the organization, described it as "healthy, but not robust."

"The civil rights business was never a profitable business," Mr. King said. "And we are having

the same problem that any business has today."

But there were indications that the problem was far more serious.

According to internal memoranda, the personal credit of lawyers with no other source of income is being jeopardized and other crises are developing because of exceedingly long delays in making payments.

"We are in an emergency situation in which we may see some of these persons cease functioning in the various cases," wrote Nathaniel Jones, the association's general counsel, in a memorandum to key officials.

"If that happens, this organization will be facing great peril. Our branches on whose behalf the cases are being litigated will be destroyed as an entity capable of adequately representing the interest of black people in litigation."

"Failure of these lawyers, who are officers of the courts, to appear for whatever reason can

cause loss of the case by the association through default and payment of the opposition's costs and court costs.

Disciplining Possible

"It can also lead to a disciplining of the men by the court, including their being barred from a particular court."

Because the organization has attempted to maintain its "grassroots" base, basic membership fees for more than 30 years had been maintained at a level of \$1. Recently this was increased to \$4.

There is "considerable feeling" within the board, sources said, that the fee should be raised. But, because of the impact of the recession on blacks, there is also resistance.

Memberships are not tax-deductible and support the general activities of the association, including its Washington-based lobbying arm. It is there that the major deficit of more than \$200,000 exists.

Experiments at U.S. Addiction Center

Prisoners, in CIA Tests, Were 'Paid' in Drugs

By Bill Richards

WASHINGTON, Nov. 9 (WP).—Drug addicts at a federal rehabilitation center in Kentucky were "paid off" in morphine and other narcotics for taking part in experiments during the 1950s that were funded by the CIA, witnesses have told a Senate hearing.

CIA officials also described a 10-year program of drug experiments on hundreds of unwitting subjects which was conducted in so-called "safe houses" in Washington and on the West Coast.

And a former CIA doctor told of a request by convicted Water-gate conspirator Howard Hunt Jr. for a mind-altering drug such as LSD that could be absorbed through the skin and administered to an unidentified target in 1972.

The experiments at the federal Addiction Research Center in Lexington, Ky., involved the administration of various drugs, including hallucinogens, to prisoners, volunteers, according to a statement prepared by the CIA and made available Friday.

Under Cover

The Intelligence Agency said the experiments were funded under the cover of the Office of Naval Research and were carried out by doctors from the National Institute of Mental Health.

James Childs, a former prisoner at the facility, told a joint meeting of the Senate Health and Education Committee that he volunteered for the program because of the promised payoffs in drugs.

"After they tested you, they gave you some kind of drug called morphine and some of another kind of drug," Childs said. "I don't know what it was but it made you high. That was the payoff."

Childs said that he was at the

center to break his drug addiction in 1951 and 1952.

LSD Available

Another former prisoner, Edward Flowers, said he learned of the availability of LSD, which was being given to prisoners in biscuits during experiments. Flowers said that from 1952 to 1955, prisoners were allowed to take their pay for being in the CIA-funded programs in either drugs or time off their sentences.

"My whole reason for going into the program was to get drugs," said Flowers, who now works for a drug rehabilitation program.

The director of the experimental program, Dr. Harris Isbell, said he had to pay prisoners in drugs or time off their sentences because no money was authorized for incentives to take part in the experiments until the middle 1950s.

The Lexington experiments were part of a broad CIA drug experi-

mentation program that involved more than 30 universities and private and public agencies, according to CIA documents.

In addition to informed subjects, the CIA also conducted LSD experiments on hundreds of unwitting subjects.

Another CIA document described those involved in the experiments as "individuals at all social levels, high and low, American and foreign."

Carl Duckett, director of the CIA Department for Science and Technology, said most of the records of the experiments were destroyed in 1972, shortly before the head of the CIA's Technical Services Division, Dr. Sidney Gottlieb, retired.

From the remaining records, Mr. Duckett said, it did not appear that participants knew they were getting LSD and no follow-up monitoring was done by the CIA.

2 Women Hurt by Sexism, Racism Win Compensation in U.S. Court

LOS ANGELES, Nov. 9 (UPI).—Two women who were depressed by alleged sexual and racial discrimination won \$67,500 from their employers as compensation for their mental distress, a federal conference on civil-rights laws was told Friday.

The settlements may set a precedent, allowing women and minorities to claim thousands of dollars for emotional injury in cases of job discrimination, said the lawyer who handled both cases, Lessing Solov.

Both women had other emotional problems, outside their jobs, the lawyer said, but he successfully argued that it was discrimination at work which mentally disabled them.

Marie Louise Glass, 57, received \$17,500 from Northrop Corp., plus medical expenses, because she was depressed when younger male co-workers were promoted but she was not, Mr. Solov said.

Angela Davis, a clerk, won a \$50,000 settlement from American Medical International, which operates hospitals and convalescent homes, because of slurs on her Mexican ancestry, Mr. Solov said. She was hospitalized for three months because of an emotional breakdown brought on by racist insults by her supervisor, he said.

Both cases were settled out of court.

U.S. Presses Italian Leaders to Reform to Stop Red Surge

WASHINGTON, Nov. 9 (NYT).

Secretary of State Henry Kissinger and other top administration officials are expressing growing concern at the Communist political gains in Italy and have repeatedly signaled the dominant Christian Democrats the party to take steps to revitalize itself and keep the Communists out of national government.

The issue has troubled Washington for more than a year and the anxiety has grown in recent months because of the Communists' strength in June's local elections and signs indicating further gains in the next parliamentary elections in 1977.

Mr. Kissinger's constant advice to Italian visitors has been described by an official as "revitalize, revitalize, and do everything possible to prevent the Communists from entering a ruling coalition. Such a Communist rule, even though the Italian Communists are regarded as moderate, would be viewed by Washington as a disaster for NATO, the officials said.

Little Public Comment

Given the volatile state of Italian politics and the lack of public interest in this country about Italy's situation, the administration has generally refrained from commenting publicly on Italian developments.

But Mr. Kissinger made an unusually pointed public statement about the administration's concern in testimony before a House committee Thursday.

Asked by a member of the House International Relations Committee whether Italy "could be lost to NATO" as the result of Communist political gains, Mr. Kissinger replied:

"I am disturbed by the dramatic gains by the Communist party in June. Basically, the United States cannot determine the domestic structure of Italy by its own initiative; basically, the future of Italy is not an American foreign policy problem."

"But having said that, the United States hopes very much the Christian Democratic party, which has been the governing party, revitalizes itself so that it can gain the necessary public support and coalition can be put together by the democratic parties to prevent the entry into the government of the Communist party of Italy."

"Since the impact on NATO of having one of the major countries with a major Communist party participation would be very serious, we're giving Italy as much advice and as much encouragement as we can."

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"I am disturbed by the dramatic gains by the Communist party in June. Basically, the United States cannot determine the domestic structure of Italy by its own initiative; basically, the future of Italy is not an American foreign policy problem."

"But having said that, the United States hopes very much the Christian Democratic party, which has been the governing party, revitalizes itself so that it can gain the necessary public support and coalition can be put together by the democratic parties to prevent the entry into the government of the Communist party of Italy."

"Since the impact on NATO of having one of the major countries with a major Communist party participation would be very serious, we're giving Italy as much advice and as much encouragement as we can."

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Neo-Neo-Imperialism

When outright colonialism—the old form of imperialism—began to disappear in the wake of World War II, it was easy enough to find a cliché for the meddling of the larger powers in the new states. It was, of course, neo-imperialism, the attempts to find, create or sustain friendly governments which would assure the meddlers of strategic advantages. Most of the criticism was directed at the United States, although Britain remained in the field for some time and France is still there—to say nothing of the very active efforts by the Communist powers to advance their own interests, by using tanks and other weapons, as in Hungary and Czechoslovakia, by selling or giving them to other areas, and supporting Communist organizations, whether attached to Moscow or Peking.

Now, as the remnants of the old imperialism are at last coming into the international marketplace, newer elements are being added. Former colonies or their neighbors, are developing their own brands of neo-neo-imperialism, and the results are painfully evident in Angola, and imminent or suspect in Timor, Spanish Sahara and Belize. Indeed, various forms of it have appeared over such a range of time and space as in Kashmir, on China's borders with India and the Soviet Union, Southeast Asia, Lebanon, Cyprus and many African states where rebellious groups are encouraged from without.

Larger and more distant powers push their fingers into these pies, of course—often

competing with one another for reasons that have very little to do with the interests of the peoples involved. So the old imperialist contests survive. But what gives them their life is, to a very large extent, the rivalries of indigenous sources of power, of much the same kind that permitted the British to take over India or the United States to enlist some American Indian tribes to fight others.

In Angola, the contending parties are helped (if they were not made out of whole cloth) by such outside elements as the Soviet Union and Zaire, which itself is helped by the United States. In Spanish Sahara, the struggle is not, essentially, between Spain and the Saharans, but between Morocco and Algeria. In Belize, the problem is less one of competition on the spot for a British colony that is now autonomous and soon will be independent, but the assertion by Guatemala of actual rights in the territory and the backing of these claims by a show of force.

There are real problems of social and international justice in all of these embattled areas. But what the present state of affairs demonstrates is that the old imperialisms are not the only ones who refuse to face such issues—greed is not confined to large industrialized nations, even though they are not free from it. Stereotyped slogans will not help to solve the world's problems, nor does the most enthusiastic nationalism, or the most devoted Marxism, condone land-grabbing, or perverting a common language to serve the ends of patriotism or ideology.

Abdication

The presidency itself is the greatest political asset that any White House incumbent can possess as he enters a political campaign. The office automatically confers historic prestige and an air of authority; it makes him privy to diplomatic and military secrets that his outside rivals may not know; it enables him to generate news and command public attention to an extent that every other politician can only envy.

It is President Ford's curious political feat that he has managed to squander most of the advantages of his office and make himself seem like any other eager candidate for his own job. Increasingly, the public perceives that it has in the White House a mere political candidate for the presidency when it would like to have a president.

The political and administrative upheaval of last week provides the latest example of Mr. Ford's propensity for unpresidential behavior. He fired two nonpolitical officials—Secretary of Defense James R. Schlesinger and CIA director William Colby—from major posts that traditionally have been kept insulated from normal partisan politics.

Choosing his own senior advisers is a president's prerogative; but when such changes are made, the public is entitled to an explanation. Mr. Ford offered none except that he wanted his own team—"My guys"—in those jobs.

Such an explanation might have sufficed if the new team members had been figures whose qualifications for these difficult jobs were self-evident. Instead, he appointed two former Republican colleagues from the House of Representatives, Donald Rumsfeld and George Bush. Both are politically ambitious, and President Ford at his subsequent news conference specifically held out the hope that either of them might be chosen as his vice-presidential running mate next year.

Thus, instead of appearing before the country as a chief executive preoccupied with substantive problems of diplomacy and defense, Mr. Ford has invited the grave charge that he is politicizing two of the most sensitive national security posts at his command.

He further underscored this impression by his decision to compile the dismissal of

Mr. Schlesinger with the removal of Secretary of State Henry Kissinger from his second job as national security adviser to the president.

Since Mr. Schlesinger was popular with conservatives of both parties on Capitol Hill because of his doubts about détente and his staunch defense of a larger military budget, the President decided to conciliate these conservatives by diminishing Mr. Kissinger's area of authority, in form if not in reality.

Paralleling these shifts in defense, intelligence and foreign affairs was the quite separate but almost overshadowing event of Vice-President Rockefeller's withdrawal as the President's prospective running mate. Only a year ago, Mr. Ford put forward Mr. Rockefeller as the man best qualified to succeed him to the presidency.

Although Mr. Rockefeller is as capable as he ever was, the President now drops him in order that the vice-presidency, too, can be dangled before other aspirants and used for whatever transient political advantage it may offer.

The effect of all this is to show the public the reality of a chief executive who is not preoccupied with the tasks of government but instead is distracted by the risks and opportunities of an election that is still a whole year away.

His conventional politicking on the banquet circuit and at the party rally, acceptable at certain times and in certain circumstances, is irrelevant to the public's deepest concerns. Those concerns are inflation, unemployment, the disabling anxieties about the future that those two economic evils inevitably evoke, and the exceedingly delicate relationships between the nuclear superpowers.

What the country would like to have is a president who thinks about major policy questions, who formulates consistent domestic and foreign policies and who seems to know where he and his administration are going. Mr. Ford is in deep political trouble because he thus far fails to satisfy these expectations of the presidency. In fact, he gives every appearance of having effectively abdicated the presidency today in favor of his candidacy for the nomination next year.

THE NEW YORK TIMES.

International Opinion

U.S. Hullabaloo

In the view of people whom the delights and poisons of U.S. politics leave indifferent, this hullabaloo involves only one element worth being recorded in history: the dismissal of the secretary of defense. . . . It is common knowledge that Henry Kissinger is eager to get a SALT agreement. James Schlesinger on the contrary feared that it would lead the Americans to sacrifice the technical advance they still have after having granted the Soviet Union an equal number of strategic vehicles with a superior

power. But no one knows in detail the concessions which the secretary of state is inclined to make, concessions to which the secretary of defense was opposed. . . . It is disquieting that such negotiations will be conducted by a secretary of state who seems to prefer a bad agreement to an absence of agreement. It is understandable that the President wants to have a team of his own. It is even more understandable that no one prays for a team that would present the same qualities and insufficiencies as its leader.

—From Le Figaro (Paris).

In the International Edition

Seventy-Five Years Ago

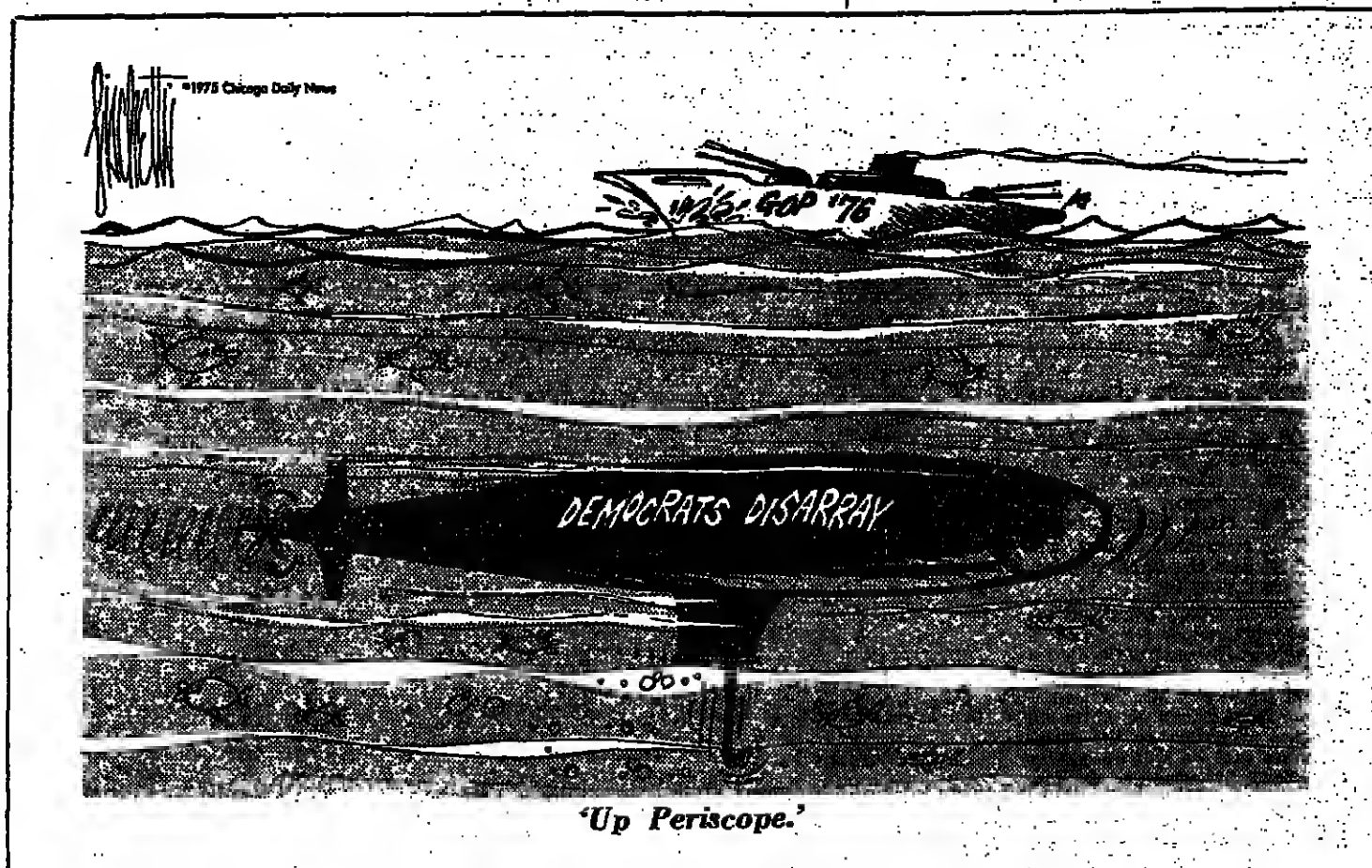
November 10, 1900

LONDON.—Remarkably successful trials of Marconi's wireless telegraphy were yesterday witnessed by Belgian government officials while the Princess Clementine was making her voyage from Ostend to Dover, but says the Daily Mail, the crowning achievement of all was when a message was sent from the Princess Clementine to Marconi's wireless station at Dovercourt, Essex, a distance of 80 or 90 miles, including many miles of cliffs and sea. The officials were impressed.

Fifty Years Ago

November 10, 1925

PARIS.—Five years ago today in one of the vaults of the fortress of Verdun a simple ceremony was held. Eight coffins draped with the French tricolor were laid in a row, while a company of infantry stood at attention. One of the soldiers, chosen at random, was given a bunch of red and white carnations and bidden to place the bunch on one of the coffins of his choosing. He did so and the coffin was brought to Paris. Thus was chosen the Unknown Soldier.



An Impressive List of Nonrunners for '76

By James Reston

DALLAS.—The more you look at the men who are now running for president, the more you have to wonder about the men who are not running.

It is a long and even formidable list: Senators Hubert Humphrey and Fritz Mondale of Minnesota; Senators Edward Kennedy of Massachusetts, Ed Muskie of Maine, and Mac Macmillan of Maryland; Governors Brown of California and Askew of Florida; former Governors Connally of Texas and Reagan of California, and finally, among others, Elliot Richardson of Massachusetts, the greatest cabinet-maker since Chippendale.

These men are at least as impressive as the declared candidates, which is modest praise, but still you have to think that there must be something wrong if the list of non-candidates is better than the list of candidates, and the people do nothing about it.

Logic of Life

By the logic of life, the young men and women in their 40s or even in their 30s should now be coming to the forefront of the presidential race. The majority of our people are now under 40 and the central questions of the last years of the 1970s are wholly new and are not likely to be resolved by the Hooverish conservatism or New Dealish innovation of the past.

But by the accidents of life, the natural American preference for picking leaders when they're coming instead of when they're going somehow seems to have got lost. After Eisenhower, the Democrats gambled on young Jack Kennedy, almost against their will, but when he was murdered they went back to Johnson, and both parties have been stuck with old geezers in their 60s ever since. It can scarcely be argued that these senior citizens have such a brilliant record from the past, or such clear visions and answers for the future, that they deserve another chance.

Humphrey clearly fought his way to the leadership of his party, and, at least, he has the good judgment not to fight for the nomination, which he knows should go to younger men. Ford is the last of the Nixon accidents in one of the most forgettable races in American history.

Share the Blame

Both parties have to share the blame for these dreary years. Though the percentage of the defense budget went as high as 9 per cent of the GNP in recent years, we stumbled into an unnecessary Vietnam war and lost it. Though social welfare spending went from \$24 billion in 1950 to \$232 billion in 1974, the welfare middle is still a national disgrace.

Though we are beginning to come out of the worst economic slump since the '30s, October unemployment was up over 200,000 to over 8 million, or 8.6 per cent of the work force—the biggest rise since the May, 1975, high of 9.2 per cent.

In the light of all this, it scarcely seems reasonable for the parties to defer to the nation these men from another time and, while it is true that we now have no Jeffersons, Jacksons, or Monroes, or Lincolns, on the scene, the present list of candidates is not that bad, and is probably as good or even better than the Wilkies, Deweys, Trumans, Goldwaters, Nixons and McGovernes when they were nominated.

The outlook for picking the right man out of the runners and nonrunners, however, is fairly bleak when you look at the 30-odd primary elections some of them will go through and some of them won't. It is almost enough to make you consider the heretical idea that with all these state presidential primary elections, that maybe democracy has got out of hand.

Whisper

Or, even worse, to whisper a good word for that most criticized and condemned institution of American politics—"the smoky room." The notion that the people in primary elections are better qualified to pick a national leader from the runners than are

the party leaders, who know both the runners and the nonrunners, is a distinctly American idea.

It sounds more democratic, and in many ways it probably is. But, for example, the British, who know something about democracy, do no conflict between democracy and party responsibility for picking the best man they have, running or not. They leave the final choice to the people, but not the preliminary decision about which candidates are to be considered and which ignored.

In the last few days, meeting with editors in Acapulco, bankers in Columbus, Ohio, and voters here and elsewhere in between, it is hard to avoid the undemocratic conclusion that the American people are both dissatisfied with the candidates they think they're going to get next year, and still feel helpless to do anything about it.

So the prospect is for an exhausting primary season leading in the end to a race between two leaders of the last generation. Unless, of course, the people

begin to organize now, state by state, for a protest vote on behalf of younger men.

This can be done only by a write-in campaign of massive proportions in all the primary states. No such demonstration of public protest has ever been launched nationwide before, but maybe the time has come for the people to start demonstrating for the men of the future.

After the primaries, you can be sure they will be gripping, but by then it will be too late.

The Panama Postponement

By C. L. Sulzberger

QUITO, Ecuador.—U.S. policy in all Latin America will be irrevocably mortgaged if there is no agreement with Panama to abrogate the existing treaty, acknowledging U.S. rights to administer and defend the canal and occupy a zone alongside it, and if this new agreement is not arranged within the short-term future.

The trouble is that the short-term future, from Washington's viewpoint, starts after the November, 1976, elections. In the meantime, it is always possible that Gen. Omar Torrijos Herrera, chief of the Panamanian government, may decide that his own political convenience doesn't jibe with that of President Ford.

Torrijos is far from being the hot-headed extremist depicted by U.S. opponents of a new Panama Canal deal. He is a populist who hopes to do more for his people and less for the wealthy oligarchy here than his predecessors. But he is under pressure from opposing factions, just like Ford.

Torrijos's pressure comes both from right-wing nationalists and left-wing student groups who want to oust Uncle Sam—and quick.

Ford knows, as his State Department has advised him, that Torrijos is a sensible man who

would like an up-to-date solution to the U.S. argument with Panama. But Ford also knows that if he allows the canal to become an American issue between now and next autumn he might never, indeed, even be nominated.

Ronald Reagan proclaims, "We should give away nothing in Panama." Another Republican conservative, Strom Thurmond, leads a hard core of senators who regard any canal negotiation as yielding to Communism. An evasive GOP bloc exists that would hope to frustrate Ford's nomination should Panama replace New York City as a popular bogymen. And there are even some Southern Democrats who might possibly abandon all thought of voting for Ford against a liberal candidate of their own party.

Secretary Kissinger is aware of this delaying factor but he is also aware of the urgent need to get a deal before there is another blow-up like the Panamanian mess in 1964. And, although Kissinger has been getting his lumps from liberals who charge him with favoring Pakistan over India, Turkey over Greece, and even Saigon (then an ally) over Hanoi, it is rare that he is given credit for a liberal stand on Latin America.

Letters

Fitzgerald's Empathy

I don't understand why David Dorrance feels obliged to make a case (Letters, Oct. 17) against P. Scott Fitzgerald, one of the most sympathetic novelists the United States has yet produced. Mr. Dorrance complains that Fitzgerald (whose human empathy unraveled himself of feeling which most other novelists don't even know exist) "didn't understand people." The implication being perhaps that Mr. Dorrance is a better psychologist than P. Scott Fitzgerald. If this is true, one wonders why then, during the Vietnam war, Mr. Dorrance in his numerous letters to you kept insisting that the Viet Cong was an independent group of Freedom Fighters unconnected with Hanoi Communism.

HENRY ROBIN.

Paris.

N.Y.C. Crisis

It is sad to see what is happening to New York City. It is even sadder to read the attempts of New Yorkers to rationalize their plight. A good case in point is the story by William Claiborne (ET Oct. 28).

As a former Midwesterner who lived for two years in New York City, I reject all the psychological and sociological reasoning some New Yorkers are employing to explain away the deeply-held feelings so many Americans have toward New York.

Of course, I can only speak for one American. And rather than some dark, deep prejudices aggravated by paranoia, let me state that my feelings toward the city's financial crisis stem solely from economic self-interest. I don't like to subsidize fiscal irresponsibility.

For years New York has lived beyond its means. Its "tail wagged the dog." Over-generous pension funds, unconstrained rent controls, tuition-free university education, fiscally-loose municipal services, never-ending welfare

—all piled on top of greedy union leaders whose cry from the top is always "more."

What was called the swinging, smart politics of the 1960s is now revealed as being stupid economics. Personally, I have always felt that the overly sophisticated and progressive image New Yorkers so arrogantly protect was built on a "house of cards." Now that the wind has blown the cards down, I don't want to finance the pickup.

DONALD C. RUSS.

London.

'Wretched Refuse'

Prof. Paul Zimbarbo's findings (ET, Oct. 28) will surely strike a responsive chord in many New Yorkers. It's no surprise to us that the rest of the country dislikes us—not when the kind words we hear are of the ilk: "It's a nice place to visit, but . . ." The attitude expressed by a presidential candidate in 1964 that the city should be covered from the mainland and towed out to sea is unfortunately far more prevalent. To borrow a phrase from Emma Lazarus's Statue of Liberty poem, it seems that the "wretched refuse" of America's "bleeding shores" is us!

SUSAN H. LLEWELLYN.

Dublin.

Americans Abroad

Expatriate Americans give up more than tax-supported U.S. education for their children. The House Ways and Means Committee proposes to increase our "hypothetical" U.S. income tax to discipline any State Department officials who ever verbally equated the Panama and Suez Canals—just after the latter had been nationalized by Egypt.

C. R. PHILLIPS.

London.

Schlesinger On Allegiance To Policies

By William Buckley Jr.

NEW YORK.—Count me in, please, among the believers by the loss of James Schlesinger. Along with just about everyone else, I deem Henry Kissinger the most persuasive advocate in the United States, and inasmuch as his policies—as distinguished from his motivations—are in my judgment wrongheaded, I sometimes wish he were less lucid, less quotable, though one takes pride in the shrewdness of his prose and the craftsmanship of his arguments.

Schlesinger, incredibly, is in the same league. All the more painful that he should be dropped from the Cabinet—for the sole purpose, if we are to take President Ford at his word, of creating a team with which Mr. Ford feels comfortable. There are those of us who would prefer that Mr. Ford choose a little discomfort rather than that he should allow so successfully to cause the Soviet Union to be comfortable. The elimination of Schlesinger will in all likelihood create a new Soviet holiday.

It happens that a fortnight ago I met the secretary of defense and asked him a few questions the answers to which are especially pertinent under the circumstances.

Ethic of 1960s

Q. Are you affected by the crystallizing ethic of the 1960s, namely, that the secretary of defense, like the secretary of foreign policy, is administratively bound to a policy dictated from above?

Mr. Schlesinger: Certainly not the latter. I think that you have two questions there. The first was: Could a public official carry out a policy that happened to be a variety of historical reasons, have caused the disapproval of the intellectual community? The answer to that is "certainly." It's one's responsibility. If the policy is in the national interest, and it is right to carry it out. On the other hand, if one has moral misgivings of one's own of a serious nature, one has the obligation to withdraw.

The next question asked whether there is an ethical distinction between the responsibilities of the civil servant and the policy-maker—between the corporal and the secretary of defense.

Mr. Schlesinger: The policy-maker, if he disagrees with policy in a serious way, should depart.

Q. Is the secretary of defense ex-officio a policy-maker?

Mr. Schlesinger: That's correct. . . . If the forces under his command are used in a way which he regards as inappropriate and he has no sympathy with the policy, he should turn the office over to somebody who does have sympathy with the policy, because he would be ineffective in carrying it out.

Q. From which we may infer that you were not out of sympathy with our policy when you became secretary of defense?

Mr. Schlesinger: That is correct.

Having identified himself as entirely in accord with the policy in South Vietnam, Mr. Schlesinger paused to deliberate on the effects of our failure there.

Mr. Schlesinger: I think that's clear, in terms of our own policies, that the patience of the U.S. public for a protracted conflict, apparently unsuccessful, is quite limited and that consequently our own policies should be geared not to that kind of protracted conflict; that a military engagement should not be permitted with the involvement of American forces to extend over many years; and that that requires an alteration in our strategy. In Vietnam we had, I thought, the staying power. It turned out not to be the case. And I think that we can draw that conclusion with regard to our own policies, and I suggest that other governments will draw what inferences they will from this experience.

Questions unasked at this point to which however the answer secretary of defense may in the course of his answers.

Q. What inferences will our allies draw from your dismissal?

Q. Even as there is an obligation to withdraw if one is not in sympathy with the policies of an administration, is there a surviving obligation—having withdrawn or been dismissed—to express one's misgivings about current policies?

A Wartime Atmosphere

Drab City Life Accompanies Romanian Development Push

By Murray Seeger

BUCHAREST, Nov. 9 (AP)—When an international flight arrives at Otopeni Airport here, a jeep mounted with a machine-gun and carrying a half-dozen soldiers follows behind to the terminal apron.

There, more soldiers surround the plane, as the passengers enter the building and are subjected to a security search—perhaps the only one in Europe conducted for arriving passengers.

The customs inspectors are relatively thorough, too, but the other entry hurdles are easily crossed. Visas are issued at the airport with the requirement that visitors exchange \$10 for each day of their visit.

But once in Bucharest itself the wartime atmosphere is heightened—a brownout put into effect two years ago at the beginning of the worldwide oil crisis is still in effect and only street lights are on at night. Neon signs and shop display lights are turned off even in the late afternoon darkness of fall.

"They probably don't save much energy that way," a Western diplomat observed. "But it does show how hard they are trying to build their economy under forced-draft conditions."

Most of the foreign visitors to

Bucharest at this time of year are businessmen from all over the capitalist world responding to opportunities resulting from the government and Communist party's efforts to help Romania attain economic strength.

Just as the party and government, both headed by Nicolae Ceausescu, have taken an independent political position within the Eastern European Communist community, so have they also struck off on their own path to raising the standard of living.

The formula consists of seeking Western investment and trade, plowing back as much as a third of the country's national product to build an industrial base and holding back consumer-goods production.

Because of its rich farmlands and oil fields, Romania is destined to be the "grocery store and gas station" for Eastern Europe, as a diplomat put it.

Mr. Ceausescu is determined to build a more balanced economic base for his country and to complete its development as an industrial state by 1980. In a recent speech, he asserted that the industrial growth rate is 14 percent a year, a remarkably high pace. The targets in the five-year plan ending this year were achieved two months early.

Domestic Policy

The concomitant of this economic policy is a strict domestic policy that bars any opposition to the regime, restricts the import of ideas, limits sharply foreign travel by Romanians and maintains a drab urban life comparable to that in Moscow.

"Of all the Eastern European capitals, this is the least attractive," a foreign resident commented. "Even Sofia is more attractive physically."

The strict policy against travel results in tight security at the borders but the lack of viable internal opposition to the regime makes it unnecessary to have many uniformed policemen on the streets.

As the only Eastern-bloc country that bars Soviet troops from its soil, however, Romania maintains a large army of its own, including women trained as reserve officers.

A city of about 2 million, Bucharest has a strangely quiet atmosphere because of the shortage of automobiles. The most common car is a Romanian-made Renault sedan, followed by Russian Volgas used by officials and as taxis.

Known in the prewar era for its lively, open night life, Bucharest now is one of the few cities in the world where the partying stops at 10 p.m. (10 p.m.) as do most of the cafes.

Both the state stores and peasants' free markets are fairly well stocked with vegetables and fruits. But there are few imported goods to be seen in the stores and the appliances on display are small and poorly made by Western standards.

Buying Power

Prices are reasonable by Western standards but because of the low wages the consumer goods are expensive to Romanians. A locally made woman's suit is priced at the equivalent of \$75 and a man's at \$100.

Because of Romania's policy of maintaining good relations across the political spectrum, it is possible to buy shaving cream from China, razor blades from Greece, rum from Cuba, tennis balls from England and Pepsi Cola from the United States.

The prices were distorted, however, because Romania, like other Eastern European nations, places the value of its unconvertible currency at an artificially high rate—now 12 lei to the dollar. The black market price for the dollar is 25 to 1.

The World Bank found that in 1973 Romania had the lowest per capita gross national product of the Eastern Communist bloc—\$610 a year.

A shortage of dollars forces the Romanians to write complicated trade deals with the Western companies that have been urged to try their luck in Bucharest. Instead of paying in hard currency, the Romanians try to make barter arrangements.

© Los Angeles Times



MAKING DO—Motorists and cyclists ply the streets of Bangkok during current severe flooding, which has also affected other parts of Southeast Asia including South Vietnam, where officials recently reported the worst flooding in the last 22 years.

Early Entry in College Hailed As Blessing by U.S. Prodigies

By Gene L. Macroff

BALTIMORE, Nov. 9 (UPI)—"I like going to college," said Eric, a chunky 13-year-old who two years ago was a sixth grader in a New York City public school. "In elementary school, the teachers didn't know how to handle a kid like me. I was looked on as a bother by many of them."

Eric, who declined to give his last name or identify his New York school, "because I'm bothered enough by people who think I'm an oddity," joined 15 other youngsters on a panel of mathematical prodigies held last week at Johns Hopkins University.

It was part of an annual symposium on early childhood education and a highly unusual event because such youngsters ordinarily shy away from publicity and academic officials strive to protect their youngsters' privacy.

Thus, for many of the 300 researchers, teachers and others in the audience, it was a rare opportunity to get a personal perspective on the joys and frustrations of giftedness.

Tell of Exasperation Seated behind a row of tables stretching the width of the auditorium stage, the youngsters told of the exasperation at being trapped in an elementary school junior high ill-equipped to cope with genius and described their relief at finding a high school or college program in which to accelerate their studies.

"In the first grade," said Eric, who has now covered the equivalent of five semesters of college mathematics, "my teacher saw I was uninterested in the mathematics we were doing so she gave me second and third-grade workbooks but I was still uninterested."

"If I hadn't entered college after the sixth grade," he continued, "I might have become frustrated in all my subjects. Teachers would rather have normal students they know how to take care of."

Terril Hill, who has chosen to remain enrolled in her high school in Columbia, Md., while doing extra, college-level work in mathematics, said that she thought part of the problem for the teachers was the fear of being proved wrong by gifted students.

Fear Factor Cited "A student wants to get something from a teacher," said the slim, soft-spoken 16-year-old, who throws the discs on the girl's back and is afraid of being corrected by a student if the student is right.

"I didn't feel at all out of place in skipping four grades and going to college," said Joseph Bates, 20, a doctoral candidate in computer

Ernst (Putzi) Hanfstaengl, 88; Crony Who Fled Hitler's Joke



Ernst (Putzi) Hanfstaengl

MUNICH, Nov. 9 (AP)—Ernst (Putzi) Hanfstaengl, 88, Adolf Hitler's crony who broke with the Nazis and spent World War II as a consultant in the United States, has died here, his family said yesterday.

The once flamboyant Mr. Hanfstaengl, whose piano playing soothed Hitler in times of stress, died on Thursday, a family spokesman said. The announcement was delayed until after the private burial that Mr. Hanfstaengl had requested, he added.

After breaking with the Nazis in 1937, Mr. Hanfstaengl lived in Switzerland and England and during World War II went to the United States where he analyzed Nazi broadcasts for the U.S. government. He returned to Germany in 1946.

An early Hitler supporter, Mr. Hanfstaengl became foreign press chief of the Nazi party in 1933. Five years later, he fled what he claimed was a plot to kill him. Other Nazis, including Himmler, Minister Albert Speer, later claimed there had been no plot and that Mr. Hanfstaengl had just been the victim of a vicious practical joke that backfired.

Colorful Background Mr. Hanfstaengl's family background was as colorful as his personality. His mother was born in Cornwall, Conn. Her father, a German immigrant named William Heine, rose to be a general in the Union Army and was publisher at Lincoln's funeral. A great uncle, Union Gen. John Sedgwick, fell at the Battle of Spotsylvania Courthouse and is memorialized at West Point.

Mr. Hanfstaengl's father was the wealthy owner of an art publishing house in Munich, where

took Belgian citizenship a few months ago. His name was linked to the establishment last year of a clandestine pro-Soviet Communist party of Yugoslavia. According to Yugoslav press reports, he had been elected secretary-general of the party at a secret congress held in Montenegro last year.

According to diplomatic reports, Mr. Dapcevic was to have met in Bucharest an anti-Tito exile who lives in the Soviet Union, Jole Stanisic, who is a professor at Leningrad University.

Officials have repeatedly asserted that pro-Soviet elements have intensified their activities and that "several attempts" to create clandestine groups here have been discovered.

In a speech Friday night, President Tito again criticized such activities but said only a small number of persons were involved. "Cominformists" and others, he said, want to take power in Yugoslavia and even kill supporters of Yugoslavia's independence and nonaligned policies.

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News Analysis

Wilson in Major Reversal on Industrial Policy

By Peter T. Kilborn

LONDON, Nov. 9 (UPI)—In the context of three decades of British government policy that favored spending for public welfare over industrial development, the program that Prime Minister Harold Wilson unveiled last week is close to revolutionary.

The government, a Labor party government at that, said that it now favored factories and profits over schools, hospitals and full employment as an end in itself. "Profit," proclaimed the tabloid Daily Mail, "is a dirty word no longer."

The program, under the modest title "An Approach to Industrial Strategy," is an eloquent comment on how inflation, when it runs at two or three times the rate of other major countries, can overwhelm a government's humanitarian priorities.

It is a comment as well on the political agility of Mr. Wilson and his chancellor of the Exchequer, Denis Healey, who is thought to be the chief architect of the program. Both are Socialists but they have managed to isolate and silence, at least for the present, the elements of their party and the trade union movement who are more Socialist than they.

Advisory Body

Mr. Wilson, Mr. Healey, and Eric Varley, the new minister for industry, presented the program to the National Economic Development Council, a quasi-official advisory body made up of the leaders of government, labor and industry.

In theory, council members work together for the common good of the nation's economy. But, as the country's bouts with inflation and labor unrest have shown, they have not been very effective. This time, Mr. Wilson said after the meeting, the council members lined up behind him.

It could not have happened just a few months ago. The Labor party was split. Anthony Wedgwood Benn, then minister for industry, dominated the political arena, while the more militant unions were still striking whole sectors of industry in pursuit of higher wages.

But the electorate failed Mr. Benn by voting in June to stay in the Common Market, which he opposed. Mr. Wilson then shuttled Mr. Benn to the department of energy, where very little has been heard from him. Meanwhile, the surge in unemployment here, now at more than 1 mil-

Wives Surprised When U.K. Paper Prints Pay of Town Employees

KIDDERMINSTER, England, Nov. 9 (AP)—Kidderminster's newspaper, the Shuttle, published the salaries of town council employees—including the rat catcher and \$6,948 for the attendant at the public toilets—angering some previously uniformed wives.

"Of all the filthy, mean, despicable, uncharitable and humiliating tricks that can be played on any human being, that which you have perpetrated against my staff would be difficult to exceed," the council's chief executive, Norman James, wrote to editor Ted Millward.

"Your disgraceful disclosures have caused several cases of domestic strife. Perhaps it did not occur to you that some men are not in the habit of declaring their earnings to their wives," said Mr. James, who makes \$23,100 yearly.

He instructed council employees in the future not to give any information to the Shuttle beyond the minutes of the council's monthly meetings.

Mr. Millward defended his paper's position by declaring "there was nothing underhand. I felt our readers had a right to see where their taxes were going."

Kidderminster is 115 miles northwest of London and has a population of 33,000. The Shuttle has a weekly circulation of 16,500.

The problem is that, through

booms as well as recessions, Britain has been declining as an industrial power in relation to its main trading partners. Britain's gross national product grew by only 15 percent between 1968 and last year, while West Germany's grew by 29 percent; France's, 40 percent; and Japan's 55 percent.

Manufacturing, Mr. Wilson observed last week, accounts for 30 percent of the country's GNP and more than 80 percent of its exports. But Britain has been running up unprecedented balance-of-payments deficits because of soaring wages, inefficient factories and low worker productivity have made its products more costly than its competitors'. The result last year was an unprecedented \$3-billion balance-of-payments deficit.

GI Base Opposed In Bremen Region

BREMEN, West Germany, Nov. 9 (Reuters)—More than 15,000 West Germans have signed a petition protesting the planned stationing of U.S. troops near here, petition organizers said.

A spokesman for the committee in the township of Osterholz said the group intends to apply for a legal injunction to prevent a U.S. brigade from being stationed on Carlsplatz Heath, northeast of this coastal city, which is the main port of entry for the U.S. Seventh Army.

The brigade, which is being stationed here as part of the Pentagon's plans for strengthening ground forces in Europe, is due to arrive late next week. At present, there are no U.S. front-line troops in northern Germany.

Too Many Changes

The government last week attributed the country's plight to everyone, including "itself." Successive governments, it said, had changed regulations too often for industry to plan and it had preempted resources for the public sector.

When management invested in

Heath Believes He Was Target Of Bomb Attempt

LONDON, Nov. 9 (Reuters)—Former Prime Minister Edward Heath said today he believes that a bomb found under a parked car and defused near his London home early this morning was intended for him.

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Police advice to motorists to look under their cars before driving off apparently saved the life of the owner of the car, who checked his vehicle and found the bomb wrapped in a duffel bag.

The bomb was the 12th in London in the last two months. All but two have exploded. Police believe the bombs are the work of a breakaway wing of the Irish Republican Army.

Italian Air Strike Ends; Another Set

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Heist Flight

Mr. Hanfstaengl was born on Feb. 11, 1887. The prominence of the family made Mr. Hanfstaengl a welcome member of the Hitler entourage at a time when the fledgling Nazi party was seeking to polish up its holier-than-thou image. A \$10,000 loan from Mr. Hanfstaengl enabled the party newspaper Volkischer Beobachter to buy two presses it needed to change from a weekly to a daily newspaper.

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Graduated from Harvard Mr. Hanfstaengl had returned to Germany in 1921 after heading the family's New York business for 10 years. The business was confiscated during World War I.

After the unsuccessful 1923 Beerhall Putsch, Hitler escaped to Mr. Hanfstaengl's home in Uffing, where he was arrested. In his memoirs, Mr. Hanfstaengl said Hitler had wanted to shoot himself rather than be arrested but Mr. Hanfstaengl's wife dissuaded the future Nazi dictator with a judo grip her husband had taught her.

According to Mr. Hanfstaengl, he fell out of favor with Hitler in 1934, the year of the bloody Night of the Long Knives. But he nominally remained at his party post until February, 1937.

Edouard L. Courmand

NEW YORK, Nov. 9 (AP)—Edouard L. Courmand, 78, a Parisian who was one of Italy's best-known stage actresses in the 1920s and 1930s, died of a heart attack on Friday at nearby Groutierata, doctors said.

Cesidio Lolli

VATICAN CITY, Nov. 9 (AP)—Cesidio Lolli, 79, an Italian journalist who worked closely with four popes in a long career with the Vatican's daily newspaper, L'Osservatore Romano, died here on Friday the Vatican reported.

Mrs. Ruby Kelley

KANSAS CITY, Nov. 9 (AP)—Ruby Kelley, 62, wife of FBI director Clarence Kelley, died today at Menorah Medical Center, the FBI announced in Washington.

5 Are Released As Calm Returns To Bangladesh

DAKKA, Nov. 9 (AP)—The government announced the release of five political prisoners yesterday as normalcy returned to Bangladesh after two major governmental changes in four days.

Two of the political prisoners freed by President Abu Sadat Mohammad Sayem's government were identified as retired Maj. Abdul Jalil and Abdul Rab, both leaders of the defunct National Socialist party.

Government offices and businesses and recreational centers in Dacca returned to normal activities.

The national airline, Biman, resumed its domestic flights, and a Biman Boeing 707 was expected to carry 153 pilgrims to Mecca, Saudi Arabia, today, although there was no word on when other international flights would resume. Telecommunications links with other nations have been restored.

Political and diplomatic circles in Dacca told newsmen that there was no danger to foreigners and there were no incidents in or outside Dacca suggesting any threat to them.

Backers Hail Court Victory Of Mrs. Gandhi

NEW DELHI, Nov. 9 (UPI)—Prime Minister Indira Gandhi's Congress party held a victory celebration here yesterday, to acclaim her exoneration on Friday by the Supreme Court of India.

The Prime Minister, who can now observe her 10th anniversary in office in a couple of months with a new degree of security, was besieged throughout the day by well-wishers.

Elsewhere in India, there were varied reactions to the verdict, which overturned Mrs. Gandhi's conviction on two electoral offenses last June, ending her long entanglement with the courts and removing the threat that she would have to resign as Prime Minister.

Among both her backers and her opponents, hopes were expressed that the court victory would lead to a relaxation of the strict state of emergency that the government imposed in June, two weeks after a lower court had ruled against the Prime Minister.

Dutch Blast Toll to 14

THESS, the Netherlands, Nov. 9 (UPI)—Rescue squads yesterday rescued two more bodies, bringing to 14 the final death toll in Friday's explosion at a state chemical plant in this southern Dutch town.

Yugoslavs Said to Hold Exile Who Vanished on Romania Trip

By Dusko Doder

BELGRADE, Nov. 9 (UPI)—A leading Yugoslav émigré politician with close ties to Moscow is reported to have been captured by Yugoslav police.

Vlado Dapcevic, who was reported to have vanished under mysterious circumstances while visiting Romania in August, has fallen into the hands of Yugoslav officials, according to authoritative Yugoslav sources.

His reported capture is part of a security drive by the Yugoslav government caused by the discovery recently of several clandestine pro-Moscow organizations here.

The number of Stalinists here is small but officials suggested that their efforts to create formal organizations were inspired from abroad with the aim to create destabilizing effects on the country before the departure of President Tito, 83, from politics.

The clandestine groups are said to have maintained links with Stalinist émigrés abroad, most of whom live in the Soviet

Union, Czechoslovakia and other East European countries. Mr. Dapcevic is said to have been a key organizer in Western Europe and Yugoslavia before he was sent from Moscow to Brussels to deflect possible embarrassment for the Soviet government.

Government spokesmen refused all comment on the reported capture of Mr. Dapcevic, 62. But an official said privately he expected him to be sent on trial once the investigation was completed.

The sources refused to reveal the manner in which he was caught. Circumstantial evidence suggests that he had been "lured" to Romania by agents who had infiltrated the ranks of "Cominformists," as pro-Russian elements here and abroad are called. It seems evident that he was trapped during his visit but it is not clear whether he was kidnapped or whether he was enticed to cross illegally the Yugoslav-Romanian border and subsequently caught by Yugoslav frontier guards.

Mr. Dapcevic was one of a few prominent Yugoslavs to take the Soviet side during Marshal Tito's quarrel with the Russians in 1948.

He and two Yugoslav generals, including the chief of general staff, Gen. Arso Jovanovic, made an abortive attempt to escape by car to Romania. Gen. Jovanovic was killed by Yugoslav border guards while Mr. Dapcevic was caught and sentenced to 20 years in prison. After a thaw in Belgrade-Moscow relations, he was released from jail in 1956 but was rearrested two years later for anti-government activities.

Dramatic Escape

A year later he and six other "Cominformists" staged a dramatic escape by shooting their way across the border into Albania and then going to Moscow. A Yugoslav border guard is said to have been killed by the group.

Mr. Dapcevic lived in the Soviet Union until 1966 when, under obscure circumstances, he moved first to Paris, then to Brussels. He married a Belgian woman and

new plants and machinery, it said. It often invested in the wrong ones. Labor, it said, was disruptive and underproductive. The banks were cited for not favoring industry with loans as much as they had other borrowers, particularly real-estate developers.

Mr. Wilson and Mr. Healey said nothing about a deeper issue. The English call it the "British disease." Chancellor Helmut Schmidt of West Germany called it the class struggle.

British society, he said in a widely quoted newspaper interview here, "is characterized by a class struggle."

Mr. Wilson said that the success of his new program depends upon attitudes on the factory floor. By that he may have meant that it depends on softening the class divisions.

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Treasury Bills			
Nov. 13, 1975	849	Ask.	Yld.
Nov. 13, 1975	849	4.82	4.80
Nov. 18, 1975	844	4.82	4.80
Nov. 23, 1975	839	4.80	4.78
Dec. 3, 1975	834	4.80	4.78
Dec. 10, 1975	829	4.80	4.78
Dec. 17, 1975	824	4.80	4.78
Dec. 24, 1975	819	4.80	4.78
Jan. 7, 1976	814	4.80	4.78
Jan. 14, 1976	809	4.80	4.78
Jan. 21, 1976	804	4.80	4.78
Jan. 28, 1976	799	4.80	4.78
Feb. 4, 1976	794	4.80	4.78
Feb. 11, 1976	789	4.80	4.78
Feb. 18, 1976	784	4.80	4.78
Feb. 25, 1976	779	4.80	4.78
Mar. 4, 1976	774	4.80	4.78
Mar. 11, 1976	769	4.80	4.78
Mar. 18, 1976	764	4.80	4.78
Mar. 25, 1976	759	4.80	4.78
Apr. 1, 1976	754	4.80	4.78
Apr. 8, 1976	749	4.80	4.78
Apr. 15, 1976	744	4.80	4.78
Apr. 22, 1976	739	4.80	4.78
Apr. 29, 1976	734	4.80	4.78
May 6, 1976	729	4.80	4.78
May 13, 1976	724	4.80	4.78
May 20, 1976	719	4.80	4.78
May 27, 1976	714	4.80	4.78
Jun. 3, 1976	709	4.80	4.78
Jun. 10, 1976	704	4.80	4.78
Jun. 17, 1976	699	4.80	4.78
Jun. 24, 1976	694	4.80	4.78
Jul. 1, 1976	689	4.80	4.78
Jul. 8, 1976	684	4.80	4.78
Jul. 15, 1976	679	4.80	4.78
Jul. 22, 1976	674	4.80	4.78
Jul. 29, 1976	669	4.80	4.78
Aug. 5, 1976	664	4.80	4.78
Aug. 12, 1976	659	4.80	4.78
Aug. 19, 1976	654	4.80	4.78
Aug. 26, 1976	649	4.80	4.78
Sep. 2, 1976	644	4.80	4.78
Sep. 9, 1976	639	4.80	4.78
Sep. 16, 1976	634	4.80	4.78
Sep. 23, 1976	629	4.80	4.78
Sep. 30, 1976	624	4.80	4.78
Oct. 7, 1976	619	4.80	4.78
Oct. 14, 1976	614	4.80	4.78
Oct. 21, 1976	609	4.80	4.78
Oct. 28, 1976	604	4.80	4.78
Nov. 4, 1976	599	4.80	4.78
Nov. 11, 1976	594	4.80	4.78
Nov. 18, 1976	589	4.80	4.78
Nov. 25, 1976	584	4.80	4.78
Dec. 2, 1976	579	4.80	4.78
Dec. 9, 1976	574	4.80	4.78
Dec. 16, 1976	569	4.80	4.78
Dec. 23, 1976	564	4.80	4.78
Dec. 30, 1976	559	4.80	4.78
Jan. 6, 1977	554	4.80	4.78
Jan. 13, 1977	549	4.80	4.78
Jan. 20, 1977	544	4.80	4.78
Jan. 27, 1977	539	4.80	4.78
Feb. 3, 1977	534	4.80	4.78
Feb. 10, 1977	529	4.80	4.78
Feb. 17, 1977	524	4.80	4.78
Feb. 24, 1977	519	4.80	4.78
Mar. 2, 1977	514	4.80	4.78
Mar. 9, 1977	509	4.80	4.78
Mar. 16, 1977	504	4.80	4.78
Mar. 23, 1977	499	4.80	4.78
Mar. 30, 1977	494	4.80	4.78
Apr. 6, 1977	489	4.80	4.78
Apr. 13, 1977	484	4.80	4.78
Apr. 20, 1977	479	4.80	4.78
Apr. 27, 1977	474	4.80	4.78
May 4, 1977	469	4.80	4.78
May 11, 1977	464	4.80	4.78
May 18, 1977	459	4.80	4.78
May 25, 1977	454	4.80	4.78
Jun. 1, 1977	449	4.80	4.78
Jun. 8, 1977	444	4.80	4.78
Jun. 15, 1977	439	4.80	4.78
Jun. 22, 1977	434	4.80	4.78
Jun. 29, 1977	429	4.80	4.78
Jul. 6, 1977	424	4.80	4.78
Jul. 13, 1977	419	4.80	4.78
Jul. 20, 1977	414	4.80	4.78
Jul. 27, 1977	409	4.80	4.78
Aug. 3, 1977	404	4.80	4.78
Aug. 10, 1977	399	4.80	4.78
Aug. 17, 1977	394	4.80	4.78
Aug. 24, 1977	389	4.80	4.78
Aug. 31, 1977	384	4.80	4.78
Sep. 7, 1977	379	4.80	4.78
Sep. 14, 1977	374	4.80	4.78
Sep. 21, 1977	369	4.80	4.78
Sep. 28, 1977	364	4.80	4.78
Oct. 5, 1977	359	4.80	4.78
Oct. 12, 1977	354	4.80	4.78
Oct. 19, 1977	349	4.80	4.78
Oct. 26, 1977	344	4.80	4.78
Nov. 2, 1977	339	4.80	4.78
Nov. 9, 1977	334	4.80	4.78
Nov. 16, 1977	329	4.80	4.78
Nov. 23, 1977	324	4.80	4.78
Nov. 30, 1977	319	4.80	4.78
Dec. 7, 1977	314	4.80	4.78
Dec. 14, 1977	309	4.80	4.78
Dec. 21, 1977	304	4.80	4.78
Dec. 28, 1977	299	4.80	4.78
Jan. 4, 1978	294	4.80	4.78
Jan. 11, 1978	289	4.80	4.78
Jan. 18, 1978	284	4.80	4.78
Jan. 25, 1978	279	4.80	4.78
Feb. 1, 1978	274	4.80	4.78
Feb. 8, 1978	269	4.80	4.78
Feb. 15, 1978	264	4.80	4.78
Feb. 22, 1978	259	4.80	4.78
Feb. 29, 1978	254	4.80	4.78
Mar. 6, 1978	249	4.80	4.78
Mar. 13, 1978	244	4.80	4.78
Mar. 20, 1978	239	4.80	4.78
Mar. 27, 1978	234	4.80	4.78
Apr. 3, 1978	229	4.80	4.78
Apr. 10, 1978	224	4.80	4.78
Apr. 17, 1978	219	4.80	4.78
Apr. 24, 1978	214	4.80	4.78
May 1, 1978	209	4.80	4.78
May 8, 1978	204	4.80	4.78
May 15, 1978	199	4.80	4.78
May 22, 1978	194	4.80	4.78
May 29, 1978	189	4.80	4.78
Jun. 5, 1978	184	4.80	4.78
Jun. 12, 1978	179	4.80	4.78
Jun. 19, 1978	174	4.80	4.78
Jun. 26, 1978	169	4.80	4.78
Jul. 3, 1978	164	4.80	4.78
Jul. 10, 1978	159	4.80	4.78
Jul. 17, 1978	154	4.80	4.78
Jul. 24, 1978	149	4.80	4.78
Jul. 31, 1978	144	4.80	4.78
Aug. 7, 1978	139	4.80	4.78
Aug. 14, 1978	134	4.80	4.78
Aug. 21, 1978	129	4.80	4.78
Aug. 28, 1978	124	4.80	4.78
Sep. 4, 1978	119	4.80	4.78
Sep. 11, 1978	114	4.80	4.78
Sep. 18, 1978	109	4.80	4.78
Sep. 25, 1978	104	4.80	4.78
Oct. 2, 1978	99	4.80	4.78
Oct. 9, 1978	94	4.80	4.78
Oct. 16, 1978	89	4.80	4.78
Oct. 23, 1978	84	4.80	4.78
Oct. 30, 1978	79	4.80	4.78
Nov. 6, 1978	74	4.80	4.78
Nov. 13, 1978	69	4.80	4.78
Nov. 20, 1978	64	4.80	4.78
Nov. 27, 1978	59	4.80	4.78
Dec. 4, 1978	54	4.80	4.78
Dec. 11, 1978	49	4.80	4.78
Dec. 18, 1978	44	4.80	4.78
Dec. 25, 1978	39	4.80	4.78
Jan. 1, 1979	34	4.80	4.78
Jan. 8, 1979	29	4.80	4.78
Jan. 15, 1979	24	4.80	4.78
Jan. 22, 1979	19	4.80	4.78
Jan. 29, 1979	14	4.80	4.78
Feb. 5, 1979	9	4.80	4.78
Feb. 12, 1979	4	4.80	4.78
Feb. 19, 1979	-1	4.80	4.78
Feb. 26, 1979	-6	4.80	4.78
Mar. 5, 1979	-11	4.80	4.78
Mar. 12, 1979	-16	4.80	4.78
Mar. 19, 1979	-21	4.80	4.78
Mar. 26, 1979	-26	4.80	4.78
Apr. 2, 1979	-31	4.80	4.78
Apr. 9, 1979	-36	4.80	4.78
Apr. 16, 1979	-41	4.80	4.78
Apr. 23, 1979	-46	4.80	4.78
Apr. 30, 1979	-51	4.80	4.78
May 7, 1979	-56	4.80	4.78
May 14, 1979	-61	4.80	4.78
May 21, 1979	-66	4.80	4.78
May 28, 1979	-71	4.80	4.78
Jun 4, 1979	-76	4.80	4.78
Jun 11, 1979	-81	4.80	4.78
Jun 18, 1979	-86	4.80	4.78
Jun 25, 1979	-91	4.80	4.78
Jul 2, 1979	-96	4.80	4.78
Jul 9, 1979	-101	4.80	4.78
Jul 16, 1979	-106	4.80	4.78
Jul 23, 1979	-111	4.80	4.78
Jul 30, 1979	-116	4.80	4.78
Aug 6, 1979	-121	4.80	4.78
Aug 13, 1979	-126	4.80	4.78
Aug 20, 1979	-131	4.80	4.78
Aug 27, 1979	-136	4.80	4.78
Sep 3, 1979	-141	4.80	4.78
Sep 10, 1979	-146	4.80	4.78
Sep 17, 1979	-151	4.80	4.78
Sep 24, 1979	-156	4.80	4.78
Oct 1, 1979	-161	4.80	4.78
Oct 8, 1979	-166	4.80	4.78
Oct 15, 1979	-171	4.80	4.78
Oct 22, 1979	-176	4.80	4.78
Oct 29, 1979	-181	4.80	4.78
Nov 5, 1979	-186	4.80	4.78
Nov 12, 1979	-191	4.80	4.78
Nov 19, 1979	-196	4.80	4.78
Nov 26, 1979	-201	4.80	4.78
Dec 3, 1979	-206	4.80	4.78
Dec 10, 1979	-211	4.80	4.78
Dec 17, 1979	-216	4.80	4.78
Dec 24, 1979	-221	4.80	4.78
Jan 7, 1980	-226	4.80	4.78
Jan 14, 1980	-231	4.80	4.78
Jan 21, 1980	-236	4.80	4.78
Jan 28, 1980	-241	4.80	4.78
Feb 4, 1980	-246	4.80	4.78
Feb 11, 1980	-251	4.80	4.78
Feb 18, 1980	-256	4.80	4.78
Feb 25, 1980	-261	4.80	4.78
Mar 4, 1980	-266	4.80	4.78
Mar 11, 1980	-271	4.80	4.78
Mar 18, 1980	-276	4.80	4.78
Mar 25, 1980	-281	4.80	4.78
Apr 1, 1980	-286	4.80	4.78
Apr 8, 1980	-291	4.80	4.78
Apr 15, 1980	-296	4.80	4.78
Apr 22, 1980	-301	4.80	4.78
Apr 29, 1980	-306	4.80	4.78
May 6, 1980	-311	4.80	4.78
May 13, 1980	-316	4.80	4.78
May 20, 1980	-321	4.80	4.78
May 27, 1980	-326	4.80	4.78
Jun 3, 1980	-331	4.80	4.78
Jun 10, 1980	-336	4.80	4.78
Jun 17, 1980	-341	4.80	4.78
Jun 24, 1980	-346	4.80	4.78
Jul 1, 1980	-351	4.80	4.78
Jul 8, 1980	-356	4.80	4.78
Jul 15, 1980	-361	4.80	4.78
Jul 22, 1980	-366	4.80	4.78
Jul 29, 1980	-371	4.80	4.78
Aug 5, 1980	-376	4.80	4.78
Aug 12, 1980	-381	4.80	4.78
Aug 19, 1980	-386	4.80	4.78
Aug 26, 1980	-391	4.80	4.78
Sep 2, 1980	-396	4.80	4.78
Sep 9, 1980	-401	4.80	4.78
Sep 16, 1980	-406	4.80	4.78
Sep 23, 1980	-411	4.80	4.78
Sep 30, 1980	-416	4.80	4.78
Oct 7, 1980	-421	4.80	4.78
Oct 14, 1980	-426	4.80	4.78
Oct 21, 1980	-431	4.80	4.78
Oct 28, 1980	-436	4.80	4.78
Nov 4, 1980	-441	4.80	4.78
Nov 11, 1980	-446	4.80	4.78
Nov 18, 1980	-451	4.80	4.78
Nov 25, 1980	-456	4.80	4.78
Dec 2, 1980	-461	4.80	4.78
Dec 9, 1980	-466	4.80	4.78
Dec 16, 1980	-471	4.80	4.78
Dec 23, 1980	-476	4.80	4.78
Dec 30, 1980	-481	4.80	4.78
Jan 6, 1981	-486	4.80	4.78
Jan 13, 1981	-491	4.80	4.78
Jan 20, 1981	-496	4.80	4.78
Jan 27, 1981	-50		

The Outlook, Country by Country

By Juan T. Gatbonton

This interplay allows the countries of the area some room for maneuver. An indigenous counterpoise to big-power rivalry

Whether ASEAN can carry out its mission of promoting peace and stability in the region will have to be seen. It still is very much a tenuous link—best by mutual stereotypes, prejudices and suspicions, some of them left over from the colonial period. Possibly the only arrangement that has been successful in the membership states is that more and more realize that there is no alternative to hanging together. If they go their separate ways, only Indonesia, perhaps, could count for anything by itself.

Economic Landscape

Vietnam war brought a bonus of prosperity specifically to Singapore, Malaysia, Thailand and Hong Kong. But even for the Philippines, GNP expanded by close to 10 per cent for 1973, the last year of the boom.

get deficits in the United States and imbalances in its foreign payments. But for most economies, the oil crisis was the last straw. World consumer prices exploded by 28.1 per cent for the poor countries in 1974. Typically, inflation for the Philippines rose to a peak of 43 per cent for July last year. The country's oil bill alone increased from \$187.6 million in 1973 to \$653.4 million in 1974.

region, apart from some secondary recycling through British banks of some of these funds into the Asian dollar markets. However, Hong Kong and Singapore seem increasingly attractive to Middle Eastern investors, and the first few joint companies between Arab and regional companies—among them the Arab Investments for Asia (Kuwait) Ltd.—have been organized.

So far the only consolation has been a drop in regional consumption of oil by about 10 per cent, and the intensified search for

(Continued on next page)

Thailand: Payments Deficits and Japanese Inroads

BANGKOK (UPI)—In the middle of last year, an angry mob of strikers smashed its way through the gates of a textile mill in Samut Prakan, a town near Bangkok. In Bangkok itself, thousands of peaceful students and workers kept vigil in makeshift headquarters in front of Thammasat University while their leaders delivered harangues against "bloodsucking imperialists." In city streets, demonstrators paraded with anti-Japanese and anti-U.S. banners.

Philippines: Marcos Looks to a 'New Society'

By Arnold B. Moss

MANILA (UPI)—"Simply putting our house in order is not the full meaning of progress. Our goals are long term," President Ferdinand Marcos observed in a report to the nation in late 1970 after being headed off a situation of near-anarchy in September, 1973, disbanded hundreds of private armies and given economic policy makers their heads.

Mr. Marcos has sought to put together what he describes as a "New Society."

Mr. Marcos and his technocrat

(Continued on Page 18)

Hong Kong: No Natural Resources; Exports Thrive

By Nancy H.Y. Wong

HONG KONG (CPT).—Hong Kong is a rare possession of the United Kingdom. It is a colony, and proud of it, but in an era when the word is a badge of shame. Its native sons are not described as nationals but as residents. It sits in the shadow of the People's Republic of China, subject to the sociopolitical and economic stirrings of its giant neighbor. It has no surges, except human ones, to sustain life.

The dominant Chinese cultural presence is layered with peoples.

(Continued on Page 13)

Indonesia: Oil and Mining; Agriculture Is Key Earner

By Luis V. Ople

JAKARTA (HTT).—In the eight years since General Suharto and his associates in the military ousted Sukarno from power, much has changed in Indonesia. But whether Indonesians like it or not, the past often affects the present. The employment of rural migrants in Java's capital has to cope with some 14,000 rural migrants who keep seeking the sanctuary and opportunity of the urban centers such as Jakarta. Income, are still woefully inadequate.

(Continued on Page 12)

Singapore: Pump Priming Against the Recession

By Luning Ira

SINGAPORE (NET). — Singapore's reputation as the boom town of Asia underwent a severe test last year. But with the single-minded dedication that he employed to make a "rugged society" of his 2.18 million people since he assumed power in 1959, Prime Minister Lee Kuan Yew settled down to take his tiny country out of zero growth in 1974 and back to new levels of achievement. Not quite the 10 per cent of the earlier, happy years, but somewhere in the range of 5 to 7 per cent. (Continued on Page 11)

Taiwan: Economic Progress, Diplomatic Setbacks

By Earl Weiman

TAIPEI (CMT).—Chiang Kai-shek's death, traumatic as it was for the Taiwanese, caused no apprehension or uncertainty about the stability of Taiwan's government. Vice-President Yen Chia-kan was sworn in as President less than 12 hours after Generalissimo Chiang's death on April 5. Mr. Yen had been in fact the acting President since 1972, when Gen. Chiang suffered a near-fatal attack of pneumonia.

President Yen has a strong background in economics and (Continued on next page)

Malaysia: Emphasis Is on New Economic Policy

By Donna Roginski

KUALA LUMPUR, Malaysia (UPI).—In many ways Malaysia is one of the luckiest countries in Southeast Asia. Oil, rubber, tin, palm oil and coconut keep the economy properly stocked. Its population of a little less than 12 million places no great pressure on the land. With the exception of the Communist insurgency, now very much under control, the postwar years have been relatively peaceful.

But under the apparent calm is a time bomb that has to be defused. (Continued on Page 11)

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**URBAN
DEVELOPMENT
AUTHORITY
OF MALAYSIA**



Southeast Asia — Internal Reform and Rethinking External Policies

(Continued from Page 9)

all over the region. Commercial deposits have been found in Malaysia and off the Vietnamese coast, while in the Philippines alone, a dozen oil companies are prospecting.

Though the expected recovery of the international economy has been delayed, the worst of inflation seems to be over. (In the Philippines the price index dropped from 30 per cent to 2.8 per cent over a year's period ending last September.) As the crisis eases, the comparative attractions of Southeast Asia are certain to tell once more in the competition for foreign investments. The strongman regimes of the region have kept national politics reasonably stable and any stirrings of xenophobia from subsiding. All the governments are committed to the free-enterprise system, and there are dynamic national business communities with whom foreign investors can profitably collaborate. Though problems of local overpopulation are beginning to show in places like Java or Central Luzon, none of the Southeast Asian countries so far suffers from population pressure in any serious way. Compared to the north Asian economies, both land and natural resources in the region still are largely underused, offering relatively easy possibilities for economic expansion. This factor might yet prove to be the safety valve for Southeast Asia's tensions of modernization—like those between the small rich minority and the large majority of the poor—which are rapidly reaching a head in the prime cities of the region.

Regional Cooperation

Economic as well as political compulsions are driving Southeast Asia toward regional cooperation. The main economic compulsion stems from the relative small sizes and populations, and therefore small domestic markets, of the different countries. Unless tariff barriers between them are dismantled, it is doubtful whether the region can support capital-goods industries. The dream of a Southeast Asian Common Market of 350 million consumers may be illusory. But there is a great deal of economic logic in modest complementation schemes like the one already being undertaken by the Malaysian and the Philippine car-manufacturing industries, and we may expect more and more of these schemes to take root, obviously with some help from the transnationals operating in the region.

ASEAN's hopes of making some valuable export commodity—like, say, coconut products, rubber, tin or copper—into an OPEC-like monopoly seem doubtful. But ASEAN may be expected to present a stronger united front in

dealing with other economic groupings (or individual superpowers), following its successful negotiations en bloc with the EEC two years ago. We may also expect the increasing harmonization of national economic policies to minimize what Asian finance ministers already realize is mutually disadvantageous awarding of competitive concessions to foreign investors.

Politically, ASEAN had been marching mostly in step; for example, its foreign ministers recently agreed collectively to recognize the Communist states of Indochina as they emerged. Even the ASEAN countries' deliberate movement toward rapprochement with China seems orchestrated, with only Singapore and Indonesia (possibly in that order) not

yet formally reconciled to their giant neighbor on the continent. In the past, the Southeast Asian countries had tended to accept at face value Peking's ferocious revolutionary rhetoric, especially since it often suited the internal purposes of the region's elites. Today, the ASEAN leadership accepts that Chinese support for Asian Communist movements—being indirect, restrained and subservient to China's national interest—can be tolerated as not more decisive or any more of an interference than the contrary endeavors of the USIS and the CIA.

Since it is based on the doctrine of "self-reliance," meaningful Chinese support for a local rebellion will tend to come after—not before—such a rebellion has

proved itself capable of winning on its own. Ironically, therefore, the current weakness of national Communist movements has paved the way for normal relations between the Southeast Asian countries and the People's Republic.

Except for the Communists in Thailand—who have received a tremendous logistic and moral boost because of the Communist victory in Indochina—the regional organizations are generally in bad shape, considering the number and intensity of national and subnational "contradictions" they could hang their conspiracies on. In Indonesia the PKI still seems stupefied by the bloodletting of its militants in late 1965. In the Philippines a Maoist part, based on the student movement has supplanted the old Soviet-style

Huts of the 1950s. For the last eight years, the student-Maoists have been trying to foment a "people's war" from rural bases on the fringes of the main islands. But until now they represent little more than a nuisance to President Marcos. In Singapore and Malaysia the Communists have even less to show for an entire generation wasted sitting in the jungles of the Malaysian-Thailand borders, where they have been holed out since their rebellion failed in the postwar period.

There are enough "imponderables" to make generalization foolhardy, but I for one think we have seen the last classic war of national liberation in Vietnam. The common characteristics of Communist movements in Southeast Asia today is their willing-

ness to commit doctrinal heresies in the effort to adapt to local conditions. That poor-country Communism is far different from the technological Communism of Stalinist Russia and Western Europe is now obvious. What is not is the tremendous amount of nativist reactive, xenophobic, anti-city and even anti-industrial element in Asian Communism today.

Danger-Point

The still-widening gap—in incomes, in levels of culture and in effective political power—between private city and countryside everywhere in the region represents the gravest point of danger for today's Southeast Asia. In some places—most recently and most notably in the

Philippines—national governments have earnestly tried to transfer funds, expertise and good intentions from urban to rural development. But, of course, ruling groups most everywhere in the region are still basically selfish people who know their own hinterlands only vaguely, and whose authority is circumscribed by corrupt and ineffectual bureaucracies.

The violent opposition of Right and Left in Thailand threatens its latest experiment with parliamentary democracy. In Indonesia, the economic expansion of the last decade seems to have exacerbated antagonisms between the few who are rich and the many who are poor. In the Philippines Mr. Marcos has yet to institutionalize his "New Society".

Reforms and construct a political framework to replace martial law. Hong Kong and Taiwan are likely to resemble each other even more closely as the years pass. Both living on borrowed time, having no international status, their internal politics are less ideological, but also more and more economically efficient—not a fate to despise, and one that will suffice—until when? For long enough, I think, but at this point that does not really matter. While Singapore, which once tried to forge its sense of nationality on the avails of the Malay neighbors, has been assisted to their tolerance, if not their esteem. Southeast Asia will go as its big countries go. At the moment there are enough grounds for cautious optimism.

Taiwan

Indications Are the Economy Has Bottomed Out

(Continued from Page 9)

may therefore be able to make important contributions to his country's future economic development—increasingly important now that trade and other "substantive" ties are replacing Taiwan's dwindling diplomatic relations. (Only about 25 governments now recognize the Republic of China.) Mr. Yen's publicly stated goal remains the same as Chiang Kai-shek's: to recover the mainland. But on the political front Mr. Yen's position is largely ceremonial, for the real power rests firmly in the hands of Premier Chiang Ching-kuo, the Generalissimo's eldest son and political heir.

Chiang Ching-kuo has wielded the reins of power in Taiwan since 1972, when he was chosen Premier and his father dropped out of public life. Although he does not enjoy the aura of near-reverence in which his father was held, he is well liked by the island's people—and on a much more personal level.

Party Head

As everyone expected, the younger Chiang (who is 63 years old) was elected by the Central Committee of the Kuomintang (KMT, or Nationalist Party) as the new head of the party on April 28, 1975. He thus replaced his father, who held the post for 37 years up until his death.

Chairman Chiang's new title makes him indisputably the most powerful person in Taiwan, in name as well as in fact, for the KMT keeps tight control of practically all political authority. There are two other political

parties, to be sure, but they have few representatives in government and practically no voice in government affairs.

There have been no suggestions of any major change in government thus far, but some observers see the possibility of change in the not too distant future. "It's got to change," said a legislator. "Look where it's got us the way it is." (He was referring to Taiwan's diplomatic status, though, not to its domestic situation.) Many people expect some changes, on the domestic scene at least, by the time of the next presidential election, which is still over two years in the future.

The general speculative consensus now is that when that time comes, Yen Chia-kan will step aside, Chiang Ching-kuo will be elected president, and a new premier will be chosen. While it is too early to say with certainty who the next premier will be, at least three names have been mentioned for that post: Henry Kuo, currently Minister of Communications and former mayor of Taipei; Hsieh Tung-min, currently Governor of Taiwan; and Hsu Ching-chung, currently vice-premier. All three are Taiwanese, which may or may not mean anything.

Diplomatic Reverses

While Taiwan has one of the most stable societies in Asia, it has been suffering from successive shocks on the diplomatic front. The island has few supporters left in its contest with Peking for recognition. The switch of Philippine recognition to Peking on June 9, 1975, was probably the worst shock since

Japan established diplomatic relations with the People's Republic of China in 1972, and Thailand did the same in early July.

Although Taiwan retains diplomatic ties with a number of countries, largely in Latin America and the Middle East, its only remaining important ally is the United States. But faith in the U.S. commitment is no longer complete. The appointment of Leonard Unger, a top U.S. Foreign Service officer, as ambassador in May, 1974, was seen in Taipei as an affirmation of U.S. support.

Ambassador Unger last month said that "the new administration of President Ford intends to maintain a clear continuity of United States foreign policy toward the Republic of China." He added, though, that "at the same time, we will take into consideration the changing facts and patterns of international life as we see them." A source at the American Embassy in Taipei went so far as to say that, in his opinion, the Shanghai Communiqué (signed while former President Richard Nixon was in China) made it perfectly clear that the mainland government would eventually take over Taiwan.

Ties to U.S.

That opinion is by no means unanimous, but despite public statements to the contrary, the faith of Taiwan's government leaders in the U.S. commitment has been deeply shaken, especially since the debacle in Indochina. The repeal last October of the Foran Resolution of 1955, which authorized the U.S. President to send troops to defend Taiwan and its possessions without authorization from Congress, did nothing

to allay Taiwan's nervousness. The Sino-American Mutual Defense Treaty of 1954 remains in force, and the United States is still committed to defend Taiwan in the event of an attack, but the Taiwanese are wondering what would happen to that treaty should the United States switch recognition to Peking.

Fortunately, Taiwan's international diplomatic woes have had little effect on its economic ties with other countries. With exports equaling roughly half of the island's GNP and imports accounting for a like amount, the island must trade to survive at anywhere near its present level of economic activity. With such a heavy dependence on external markets and foreign sources of raw materials (Taiwan has little of its own), changes in the international economy inevitably have a strong influence on the island. Thus the energy crisis and the worldwide inflation that struck during the latter part of 1973 had a grave impact on Taiwan than most countries, as did the ensuing recession.

Stopping Inflation

Taiwan has found a unique way to deal with raging inflation: it raised prices. In the face of increased costs for energy, raw materials and commodities, the government announced its Economic Stabilization Program on Jan. 27, 1974. This program provided for a one-shot increase in the prices of energy and transportation (averaging 85 per cent) and for the removal of government subsidies on certain imported commodities such as soybeans. Prices continued rising briefly after the implementation of the program and then leveled

off; since February last year, the prices of many items have actually undergone a steady decline. The spiraling inflation at the beginning of the year gave an average increase in the retail price index of 47 per cent during 1974, but a comparison of prices at the end of 1974 with those at the end of 1973 shows an increase of only 14 per cent. For the year ending in April of this year, the increase was only 3.5 per cent.

Inflation accounted for most of the increase in the GNP last year to \$14.3 billion (U.S.), up from \$10.2 billion the year before. In real terms economic growth amounted to only 0.8 per cent; this might seem a reasonable figure for a year such as 1974, when many economies actually recorded a decline, but it was a drastic decline compared with the decade of 10-per-cent-plus annual growth that the island had experienced previously. Per-capita income jumped 35 per cent in unadjusted terms last year, to \$697 (U.S.), but in real terms it actually declined by about 3 per cent.

Record Trade

The sorry economic performance last year was caused mainly by slumping export orders for Taiwan's manufactured goods. Especially hard hit were the textiles, electronics and plywood industries, the island's three largest export earners. Industrial production declined, as a result, by 1.5 per cent. Recent indications are that the economy has already bottomed out, and industrial production is on the rise again. Economic growth in 1975 is now expected to reach between 4 and 6 per cent.

Trade last year grew to a record total of \$12.6 billion (U.S.), up by 82 per cent over 1973, but the increase was due almost entirely to higher prices. The 1974 figures show a deficit of \$1.3 billion (U.S.) (according to customs statistics), the first such red ink in several years. The deficit with Japan alone was even larger than the total deficit, leading the government to take several measures to restrict imports from that country. So far the measures have had little effect.

Foreign investment was down sharply. From a peak of \$948 million (U.S.) in 1973, it declined to \$100 million last year. For the first five months of 1975 the figure was only \$32 million. The decline was due to the international economic climate rather than to any loss of confidence in Taiwan as an attractive investment site. The general feeling is that Taiwan is still one of the best places in Asia for investment capital, and applications will likely increase again as the world economy improves.

Construction Projects

To improve its industrial base and its transportation infrastructure, which has fallen badly behind as the economy sputtered ahead, the Taiwan government is now engaged in 10 major construction projects with a total cost of over \$6 billion (U.S.). One of them is already partly in use, the North-South Freeway, which will link Keelung in the north with Kaohsiung in the south. Another project, electrification of the west-coast trunk railway, will improve communications between the same two points. A third project also involves a railroad, this time a completely new one,

that will link Suao, on the northeast coast, with Hualien, the main city in the middle of the eastern coast.

Two of the ten projects involve harbor construction. One of them is the extension of Suao Harbor, on the northeast coast into an international port that will take some of the pressure off overcrowded Keelung. The other harbor is a new one on the west coast, near Taichung, in the center of the island.

A final infrastructure project is the construction of a new international airport to serve the Taipei area.

Petrochemical Complex

Two of Taiwan's biggest industries, plastics and textiles, depend heavily on petrochemical products, and the development of a large new petrochemical complex in Kaohsiung is expected to alleviate the need for the importation of petrochemical intermediates. Completion of this project requires capital from both foreign and domestic investors as well as from the government. Many of the proposed plants connected with the new petrochemical complex have been suspended because of the business slowdown, but the project is going ahead.

An eighth project consists in installing at least six nuclear power generating units at three sites by the Taiwan Power Company, which supplies the island's electricity.

The last two projects are an integrated steel mill and a huge shipyard.

The 10 projects even now are having a healthy influence on the island's economy.

Meet our best economic indicators

EVEN conventional ones look good for the Philippines today. In 1974—a lean year the world round—GNP expanded by 5.9 per cent, one of the highest increments in East Asia. (Agricultural production rose by a full 10 per cent.) Last December, international reserves reached the highest year-end level in the country's history. While the government finished its budget year with a cash surplus 24 per cent higher than 1973's. And by last March, imported inflation was slowing down to a manageable 13 per cent.

The indicator we are most proud of is the optimism that animates the nation: a sense of well-being reflected in the bright faces of its children. For the achievements of what Filipinos have come to call the New Society of the Philippines are written everywhere on the land.

Authoritative government has put an end to political factionalism and social anarchy. Restored peace and order. Purged the bureaucracy of the inept and the corrupt. Freed economic policymaking from the constraints of extremist rhetoric. To generate growth that is both self-sustaining and equitable. Growth that will have room for you.

Bureau of National and Foreign Information, Department of Public Information, Manila



West Design Studio, Manila

Malaysia

The Big Problem: Sharing the National Wealth

(Continued from Page 9)

This has to do with widening opportunities and spreading Malaysia's collective wealth among the Malays, who, though forming the majority community in the country, have historically had only marginal participation in the national income. The 1970 census of the economy, the last census in 1970 revealed that the Malays constitute 55 per cent of the population, followed by the Chinese with 23 per cent, with Indians, Pakistanis, Ceylonese and others making up the remainder. The sharing of the national income does not reflect these demographic characteristics.

Prime Minister Razak, Malaysia's first Minister, sees the correction of this racial-economic imbalance as the prime objective of his administration. To achieve this objective, his planners teamed with sociologists to produce the New Economic Policy (NEP), a master economic plan spread over 20 years (1971 to 1991) and aimed at a complicated piece of social engineering.

Over the 20-year period the NEP expects the bumiputras (Malay for "sons of the soil") to be decisively drawn into the mainstream of national economic activity and opportunity. The plan provides that by 1991, "at least 30 per cent of the total commercial and industrial activity, in all categories and scales of operation, will have been transferred to Malays and other indigenous peoples. No less, the plan stipulates that "employment at all levels and in all sectors, particularly the modern rural and the modern urban sectors,

must reflect the racial composition of the population."

Unlike its neighbor countries, Malaysia has come out of the global economic reverses fairly unscathed. Rubber, one of its main exports, netted M42.9 billion in 1974, 15 per cent more than in the previous year, roughly a third of total exports which stood at M49.58 billion in 1974. Timber exports earned M31.27 billion. (Malaysia is one of the leading exporters of hardwoods.) Palm oil, petroleum and tin continue to be the bright spots in the export picture. In 1974 palm-oil exports were worth M11.02 billion, a 120-per-cent jump over 1973. Tin brought in M31.41 billion and oil earned M49.49 million, a 150-per-cent increase over 1973 largely due to higher prices. The extent to which the economy is being diversified is reflected

in the value of exports for manufactured goods. Earnings for 1974 amounted to M21.5 billion, although this was 58 per cent below the 1973 volume, due to slackening international demand.

Late this year the Malaysian government will introduce its third Five-Year Plan. The emphasis will continue to be on industrialization, economic diversification, the eradication of poverty and attracting more foreign investment. Though the government expects the indigenous private sector to help the economy and complement its efforts to attain the goals of the New Economic Policy, it realizes the importance of continuing to attract new foreign investors.

With the period of the second Five-Year Plan running out, the evidence points to a fairly vigorous growth period and an adequate staging area for the third plan. But the situation is not without its limitations. The socio-political objectives of the New Economic Policy impinge largely

on the private sector—primarily the industrial and manufacturing spheres—and investors are inclined to view the plan's "Malayization" concept with reservation. Government agencies are pushing for joint-venture contracts so that Malays can have more participation in and control of industrial and manufacturing activities.

Current hiring policies within the private sector show a restructuring of staff personnel to meet the social obligation under the New Economic Policy for increased bumiputras employment. Foreign investment management is also obliged to train bumiputras in administration as well as in technology. Though there are no written laws, the government's policy is felt through its agencies in direct contact with management, which may be the Federal Industrial Development Authority, the Foreign Investment Committee or the government-sponsored joint-venture agencies. By

1980 the New Economic Policy plans to have a 30-per-cent bumiputras, 40-per-cent other Malaysians, and 30-per-cent foreign ownership of firms within the private sector.

Among the foreign investors, the Japanese are doing quite well in Malaysia. A spokesman for the Japanese business community has described Malaysia as the only Southeast Asian country besides Singapore to have shown political stability. Out of 200 Japanese enterprises set up in Malaysia, more than half came in between 1970 and 1974, especially during the 1973-74 years.

The distribution of Japanese investments is roughly 70 per cent in the manufacturing sector, 13 per cent in trading, 8 per cent in financing and insurance, 7 per cent in construction, and 3 per cent in other industries. The U.S. business community feels the investment climate in a different way. At least half of total U.S. investment in Malaysia is in petroleum and

petroleum products. Because of these oil investments, there was widespread reaction against the Petroleum Development (Amendment) Act, which became operative in April this year. The U.S. business community views the act as an attempt to gain control of U.S. oil interests in Malaysia. Basically the act entitles PETRONAS (the state oil company) to management concerning the appointment or dismissal of directors or any member of the company staff. The act applies to any company processing or refining petroleum, or marketing or distributing petroleum and petrochemical products in Malaysia.

What makes Malaysia a viable investment center in Southeast Asia is its investment incentives, infrastructure, political stability and constant review of the economy. In April this year the government lowered the minimum lending rates for banks by one-half of 1 per cent, making it 8 1/2 per cent for prime rates

and 8 per cent for preferential rates. The central bank urged borrowing to their customers.

Since February of this year interest rates and monetary policy have been eased three times to make way for greater credit flow. A guideline, introduced in February, stipulated that 50 per cent of net loans and advances should go to bumiputras, the manufacturing industry, including food production, home ownership or other industries approved by the central bank.

Another boost to investors is certain investment areas for development. Malaysia is promoting agro-based industries, rubber-based industries, timber-based industries, clay-based industries, the glass industry, precision products, the beef and dairy industries, textiles, the toy industry and sporting goods. Oil research and development is another sphere open to negotiation between investors and the host country but it will be primarily directed by New Economic Policy objectives.

Singapore — Restoring Its Growth

(Continued from Page 9)

his Premier Lee was asking his hardworking citizens. To and his people's credit, this should be achieved by the end of 1975.

All goes well, Singapore expects to double its gross domestic product by 1978 to a whopping \$4,600 million, roughly US\$5.8 billion. Even in the gloom of 1974's recession, Singapore had been to be self-confident. The market topped the \$4-billion mark. It began with having welcomed its millionth tourist to its shores. Keppel Harbor, the gateway to the city-state, is now the fourth busiest port in the world. To the northwest, Singapore's industrial complex—Jurong Town—thrives on activity.

The crisis of 1974 was in fact a blow for Singapore. Deputy Prime Minister Dr. Goh Keng Swee noted that while inflation in 1974 was down to 14.1 per cent from the previous year, the country's growth was not off the hook. One of the major problems last year, which was compounded over into 1975, was unemployment. By late 1974, 18,000 workers had been retrenched and new employment for 1975 was projected at 18,000 jobs.

To keep the pump primed, the government late last year set up the Economic Activation Committee (EAC) to implement between 1975 and 1980 projects previously authorized by the Economic Development Board. The task before the EAC, according to its chairman, Lim Kee Boon, is to get these projects on stream. Initially, the EAC will attend to the additional infrastructure needs for the projects—new factory sites, provision of power, water and roads.

The projects, which the EAC expects to push through in the next 12 to 18 months, cover a wide range of industries—chemicals, foundries, machine tools, electrical equipment and other high-technology industries. Items: A \$20-million chemical solvent plant to be built by ESSO; a \$15-million expansion by Bechtel; a \$50-million industrial bearings, sewing machines and machine tool project by Koyo of Japan; a \$50-million project for the production of diesel engines; a \$25-million repair and servicing facility for heavy electrical equipment including gas and steam turbines, under the leadership of General Electric; a \$15-million venture for the manufacture of machine tools, and a \$18-million foundry to be undertaken by Matsushita. Meanwhile, the government is also seeking to generate new momentum in the construction industry, which had been experiencing lean times through most of 1974. The government has,

through the banking industry, already injected \$150 million to revive building activities and relaxed restrictions on the foreign ownership of apartments.

To bolster present operations, the government may establish an Export Promotion Council. More immediately, it has also set up a \$200-million credit line to help manufacturing companies caught in the credit squeeze, or those needing additional funds for modernization and expansion.

The government's standby credits are being operated in two forms: A \$100-million working capital loan fund operated by the Development Bank of Singapore, and a \$100-million capital participation fund managed by the Economic Development Board.

Prime Minister Lee, while emphasizing the need for hard work and continuing imagination in the republic's response to domestic and international economic questions, says: "Singapore is bearing up. Growth rates will be less than half those of last year. How we shall do in 1975 depends on whether the West Europeans and Japanese succeed in persuading the Americans that recession is more dangerous than inflation."

Oil

Oil will be a major factor in the performance of national economies this year. Singapore will be no exception. Its situation is made more complex by an open economy constantly exposed to the influence of external developments. Even if Singapore's industries (except oil-refining) are not yet as heavily dependent on petroleum as industries in other countries like Japan, the indirect effects of oil supply and pricing will not be any less significant. High oil prices will mean costlier raw materials and consequently higher production costs. For Singapore, with its growing emphasis on manufacturing for export, this is going to be crucial. It will also have to contend with the strategy that other countries are likely to adopt: selling more and buying less, to conserve foreign exchange.

Singapore has at least three assets to fall back on in cushioning the impact of the oil crisis. These are the sophistication of its oil-refining industry—now the third-largest in the world—a wide range of support services and its location in practically the heart of Southeast Asia, where there is a flurry of oil-exploration work.

Three of the world's largest designers and builders of oil rigs, in joint ventures with local enterprises, have set up construction yards and facilities in Singapore, and the past three years have seen the construction of 15

oil rigs worth \$630 million to \$800 million each.

Since 1972 Mr. Lee has visited all the four other members of ASEAN. He went to Kuala Lumpur in 1972 (his first visit since Singapore's expulsion from the Federation of Malaysia in 1965), to Bangkok and Jakarta in 1973 and January 1974 to Manila. Since November 1973 he has, in turn, played host to heads of government from Malaysia, New Zealand, Japan and Australia. Singapore is also trying to strengthen its relations with the European Economic Community, which has shared 15 per cent of Singapore's external trade since 1970.

Since their split, many changes have taken place in the economic relations between Singapore and Malaysia, often causing irritants between their governments. The changes, some of which were effected only in 1973, saw the breakup of joint economic arrangements and ventures—such as the Malaysia-Singapore Airlines, the stock market, the rubber market and the interchangeability of currencies. But many believe that, while both countries have started pursuing independent economic courses, the separation will not be total.

That belief is not without basis. More than once, the age-old bonds between the two countries have led to the observation that theirs is a case of "two brothers who are not quite sure of each other's intentions." Certainly, the 1,056-kilometer causeway that links Singapore to West Malaysia represents those bonds in more than just geographical terms. And the exchange of visits between their Prime Ministers in 1973 and 1975 says a lot about the intention of both sides to pick up where they left off nearly a decade ago.

The new relations, however, cannot be expected to have the same nature as in the past. There will be less emotionalism, as Singapore and Malaysian leaders themselves have publicly emphasized.

Mr. Lee expressed support for the expansion of ASEAN membership to include other countries, regardless of ideological differences.

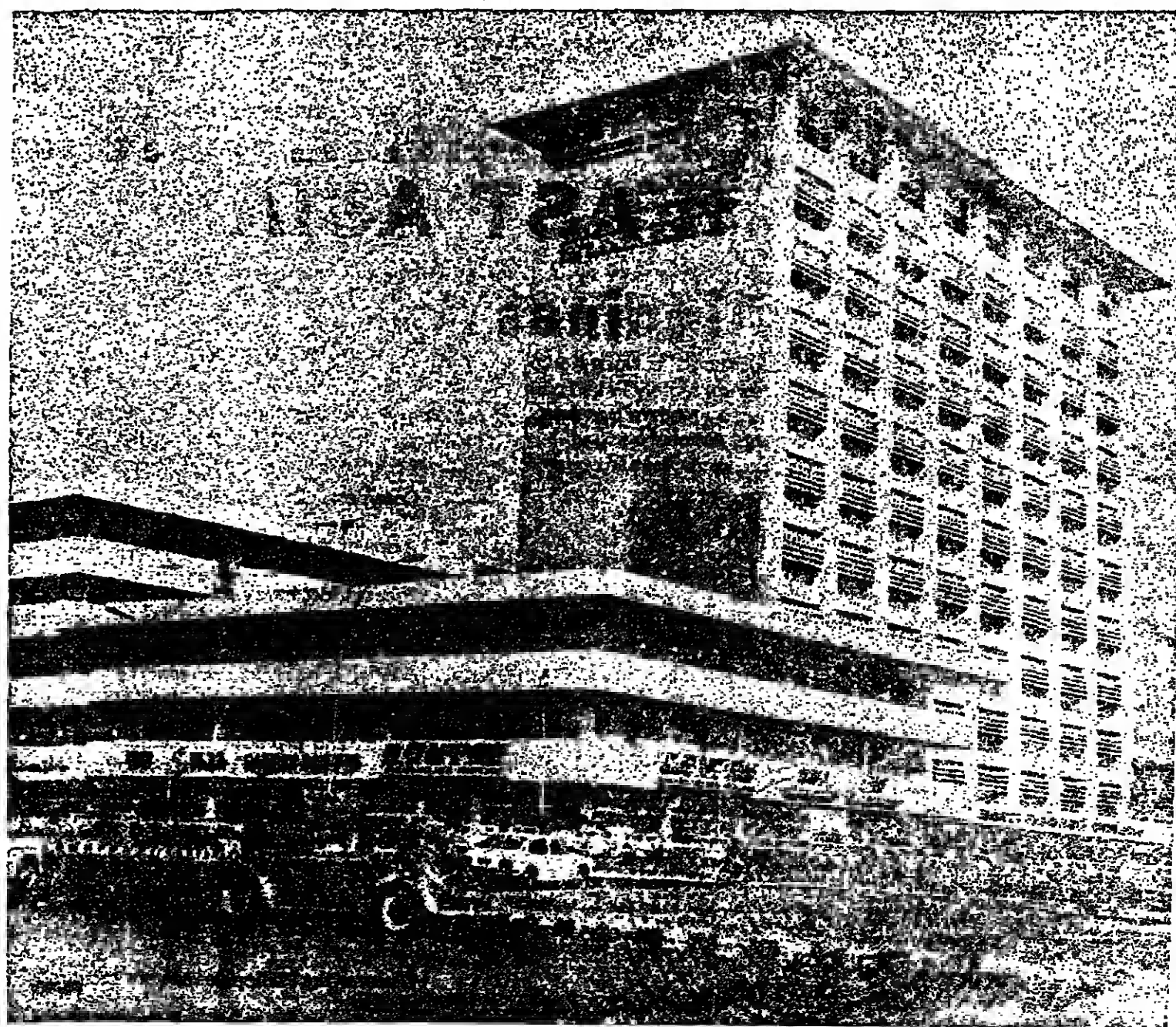
But he is not optimistic about the immediate realization of a "zone of peace, freedom and neutrality" as advocated by the other ASEAN members. His doubts are based mainly on whether the big powers are willing to guarantee such neutrality. From the response—or lack of it—from the big powers, Mr. Lee concludes that "we are whistling in the dark, through the cemetery of Indochina." On the whole, however, he sees a bright promise for Southeast Asia to achieve rapid and dynamic growth.

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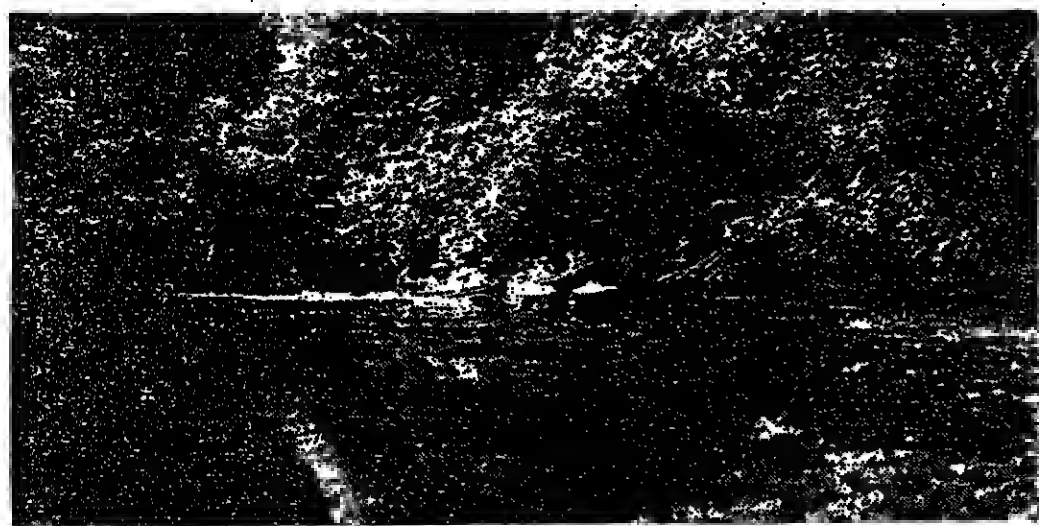
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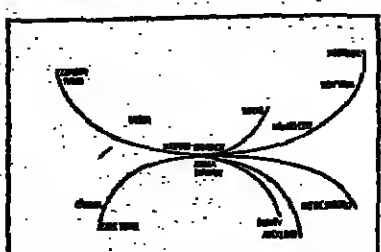
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Malaysia

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Indonesia Plans Call for Sharp Investment Expenditures

(Continued from Page 9)

equity. The nation's wealth is unevenly distributed and the recent oil bonanza has still to bring about meaningful changes in the lives of the 130 million Indonesians. Inflation has been reduced from the mind-boggling 650 per cent of Sukarno's times, was down to less than 10 per cent in 1968-69, but prices are flying high again on two-digit figures.

Not all the indicators, however, warrant despair. The country last year wound up its first Five-Year Plan and is now vigorously carrying out an ambitious second program for which the government is spending four times more than it did before. The world-wide economic crisis of late 1973 and 1974 have required last-minute revisions in the development strategy. On the whole, however, Indonesians have borne up well against the difficulties.

Indonesia's first Five-Year Plan came to an end in March 1974, and during those years the performance of the economy proved satisfactory on nearly all counts. There was a strong recovery from earlier disruptions, sustained efforts were made to increase food production, an upsurge in industrial investment reduced capacity constraints, the oil sector expanded rapidly, and both the infrastructure and the balance-of-payments position improved.

Agriculture remains of prime importance to the Indonesian economy, accounting for 47 per cent of the gross domestic product in 1971, employing 63 per cent of the labor force and providing 50 per cent of total export earnings. However, only 7 1/2 per cent of the total land area is cultivated, mostly by smallholders (92 per cent). The rest of the cultivated area is covered by estates.

Rice is the most important crop produced for domestic consumption. The *Bimas* (mass guidance) and *Inmas* (mass intensification) rice programs were expanded during 1972-73. The combined acreage under both programs rose from 3.3 million hectares in 1972 to 4.1 million hectares in 1973, or nearly half of the total rice land area of 8.4 million hectares.

Timber output trebled between 1959 and 1973. A large volume of domestic and foreign investment helped increase the output by 162 million cubic meters over the goal set in the first Five-Year Plan.

Mining has been one of the most dynamic sectors in the economy over the past five years. It accounted for 8.4 per cent of GNP in 1972 compared with only 4.8 per cent three years earlier. Oil has been by far the most important factor. Production rose from 371 million barrels in 1969

to 490 million barrels in 1973, for an annual average rate of growth of 16 per cent. Indonesia's oil reserves are estimated at between 10 and 15 billion barrels, or about two per cent of the world total.

Oil exploration is still continuing both onshore and offshore, with at least 40 groups involved in contracts with Pertamina, the state oil corporation which controls the industry. Government receipts from corporation tax and royalty payments by the oil companies form the most important single source of budgetary revenues.

Since 1967 Indonesia has attracted substantial commitments of foreign investment. In 1973 a total of U.S. \$530 million of such investment was approved by the Indonesian government, bringing the cumulative total over the six-year period to nearly \$3 billion. By last September, foreign-investment expenditure was estimated at \$1 billion, compared with only \$275 million two years earlier.

The relative price stability achieved in the period up to mid-1972 ended with the failure of the 1972 rice harvest. Although the retail price of rice was stabilized in 1973, the higher cost of other imported goods and raw materials helped to push Jakarta's cost-of-living index up by a further 32 per cent. But while external factors were an important factor in this inflation, the domestic money supply also continued to expand strongly (by 47 per cent), largely on increased bank lending to the private sector.

Export earnings rose by no less than 30 per cent in 1973 following a 33-per-cent increase in 1972 and an average annual rate of growth of 20 per cent over the period 1967-71. In previous years the increase had come almost entirely from oil; in 1973 the value of non-oil exports increased greatly.

The oil-export earnings in 1973 rose by 77 per cent, on a substantial increase in both volume and price per barrel. During that year the official selling price of Pertamina for its crude more than doubled. The more dramatic increases, however, did not come into effect until early 1974. Oil production rose by 24 per cent in 1973, with almost all the additional output available for export.

Timber exports more than doubled in value in 1973 and exceeded earnings from rubber for the first time, although rubber-export earnings reached record levels on the highest world prices witnessed in over 20 years.

Mineral exports rose by 70 per cent. Tin accounted for half of the overall increase, mainly on price, until October, when the quota of the International Tin

Council were removed, allowing for a faster rate of volume growth.

The rate of growth in imports in 1973 virtually matched that in exports, rising by 78 per cent. Over the past 15 months export earnings have dramatically increased on higher production and the higher price of oil.

A much larger part of the external assistance now being committed to Indonesia is in the form of project aid, and the country's improved financial status has been reflected in a hardening of credit terms offered. In the future, Indonesia is to pay credits from the World Bank Group under terms set by the World Bank

rather than the "soft" terms of the International Development Association. And only 20 per cent of Indonesia's future loans from the Asian Development Bank can be obtained on "soft" special-fund terms. As of April 1, 1974, some \$1.5 billion of project aid still had to be disbursed.

A draft bill outlining Indonesia's second Five-Year Plan, *Repelita II* (April 1974 to March 1979), was published early in 1974, but because of the rise in world oil prices, the plan was revised.

The second plan attaches more importance to the social aspects

of development, and particularly to those "problems which were recognized, but could not be overcome, in the first plan: widening opportunities for employment, more equitable distribution of income, improvement in the market structure, increased development in the region's transmission, greater participation of the people in development, and more attention to education and other non-economic aspects."

Expenditures are planned for two liquefied and natural-gas plants costing \$2 billion, one to use natural gas from Mobil's Arun field in North Sumatra and the other, Hufton's Badak field in

East Kalimantan. Pertamina is constructing a liquefied and petroleum-gas plant at Indramaya in West Java and another plant to produce 25,000 barrels a day of propane and butane from the company's Arjuna field. The plant, expected to cost \$150 million, will be completed by the end of 1975.

In East Kalimantan an area fertilizer plant with an annual capacity of 500,000 tons, undertaken for Pertamina by Copper Rust of Belgium and Swiss contractors, is due for completion in 1978. Similar plants are planned in South Sumatra and West Java at a cost exceeding

\$500 million. The capacity of the Pasir fertilizer plant in South Sumatra will be expanded by an additional 500,000 tons a year, with Kellogg Overseas Corporation as the main contractor.

An aromatics plant is being set up as a joint venture between Pertamina and the Commonwealth Oil Refining Company of Puerto Rico. Using naphtha as feedstock, the plant will produce toluene and xylene raw materials for synthetic fibers. The project will rise at Padjad, South Sumatra.

Pertamina will serve as the government's agent for a 500,000-

ton-a-year steel-rolling mill to be built by Percontal AG of Germany. The mill will be owned by German companies, which include Siemens and Klockner.

On the drawing boards are plans for the expansion or construction of eight cement plants with a combined annual capacity of four million tons and an investment of \$300 million. Three major pulp mills (500-ton-a-day capacity) will be built in North Sumatra, East Kalimantan and Java, as well as numerous smaller (100-ton-a-day) paper and newsprint plants.

Expansion programs have been laid out for nine sugar factories

Thailand Growing Uneasiness on Dependence on Japan

(Continued from Page 9)

The most violent industrywide strike in Thailand had reached its peak. Only after tense weeks of bargaining with government and management negotiators did the strikers finally go back to their factories.

The strike stemmed from fears of mass layoffs in textile mills because of the sagging world market and other problems facing the textile industry. A contributing factor was that traditionally inflation-free Thailand was experiencing a steep climb in its consumer price index.

As Thailand, like most other countries, fell prey to the vagaries of world trade and finance, workers and students found common cause again—as they had a number of times in recent Thai history. The first objects of their ire were foreign businessmen, particularly the Japanese, who are deeply involved in Thailand's textile and several other industries.

Replaced Americans

The Japanese have replaced the Americans as the most visible foreign economic power in Thailand. About two-fifths of new foreign capital absorbed by government-promoted industries since the 1960s is Japanese. More than a third of Thailand's international trade is with Japan. These are the two major areas, closely linked to each other, where the strain in Thai-Japanese relations is often felt. And among Asian countries where Japanese trade and investment have spawned fears of economic domination, it is perhaps in Thailand that anti-Japanese feelings run strongest.

The lopsidedness in trade relations between a developing country and a developed one is, in Southeast Asia, nowhere more

pronounced than in Thailand. For more than two decades, Thailand has had a nearly unbroken record of trade deficits, and Japan accounts for more than 80-per-cent of the average annual imbalance.

Deteriorating Situation

The deficit was small in the fifties but grew rapidly in the sixties. In 1960, the Thai trade deficit, including that with Japan, stood at a billion baht (\$50 million). The situation continued to deteriorate in the succeeding years until, in 1970, Thailand ended up in the red by 12 billion baht (\$800 million).

In 1973, the deficit went down, but only slightly, to 9.7 billion baht. Of this amount, \$3.3 billion baht represented the deficit with Japan.

Thailand was able to maintain surpluses in its overall balance of payments, partly because of favorable balances in the service account, including U.S. military expenditures and tourism earnings. Even then, it experienced balance-of-payments difficulties in recent years, from 1969 to 1971.

Moreover, the net effect of U.S. expenditures may not be as significant as it seems. A good portion of the receipts has been nullified by the imports that had to be made to accommodate the expenditures. Imports of this nature represented 9-per-cent of Thailand's total imports from 1966 to 1972.

Fortunately, other compensating factors existed: net capital inflow (investment, loans, foreign grants and unrecorded capital transfers of "invisibles") and nonmonetary capital movements.

Growing Dependence

Thais believe that their growing trade dependence on Japan is not the result of "natural" circumstances. While imports of

machinery and other capital goods from Japan are going up fast, Thailand's exports to Japan are declining because of high tariffs, quotas and other protective barriers set up by its dominant trade partner. And processed products from Thailand can barely penetrate the Japanese market because the barriers become higher for goods with greater value added.

Industrialization still seems a long way off. As for the alternative of buying its capital goods from non-Japanese sources, Thailand cannot fall back on it as an immediate solution. Its industries, especially textiles, are so tied up with Japanese capital that, given Japan's interlocking trade and investment policies, Thailand has no choice but to continue buying its equipment and other industrial supplies from the same source. Thailand may have found itself caught in a noose: the more it tries to break free, the tighter the knot becomes.

The basic makeup of the bilateral trade already puts Thailand at a great disadvantage. Primary commodities like food, livestock and tin make up more than 90 per cent of Thai exports to Japan. On the other hand, manufactured goods account for 95 per cent of Japanese exports to Thailand. Most of the Thai exports, especially agricultural, are in the slow-growth area.

Trade figures indicate that Thailand cannot export to Japan as much as it would like to of the goods in which it specializes. Because of its unfavorable position in the Japanese market, Thailand might have been losing 26 per cent of its potential export earnings in that market over the last five years.

Thailand's capacity to attract more capital and more tourist expenditures—two redeeming fea-

tures in its balance of payments—has also been clouded by the recent upsurge of nationalist sentiments. More and more Japanese tourists, who compose a substantial portion of foreign arrivals in Thailand, are scratching Bangkok from their itineraries as the anti-Japanese protests become more strident. In 1973 the number of Japanese visitors rose by an outstanding 63.5 per cent. Last year the figure dropped by 12.5 per cent.

At the same time, Japanese capitalists show an increasing disaffection with Thailand. The number of Japanese investment applications has been going down, says an official of Thailand's Board of Investment. This contrasts with the situation in the late 60s, when Japanese investors came in droves, eager to take advantage of Thailand's varied investment attractions: an expanding domestic market, rising incomes, rich natural resources, low-cost labor and very liberal investment laws, even by Southeast Asian standards.

Independent findings by the Thai Board of Investment and the Japanese Chamber of Commerce disclosed that only 5.5 per cent of the products sold by Thai firms with Japanese equity participation were exported in 1972. On the other hand, firms with U.S. participation were able to export 40 per cent of their output in the same year.

Concern over the imbalance in the investment structure led to the adoption, by the previous Thai regime, of the two laws regulating alien businesses and occupations. The primary goal was to prohibit foreign investment in areas that could be handled by Thais themselves. A schedule was to be drawn up for the transfer of foreign interests in these areas to Thai nationals. The new laws also regulated the hiring of

expatriate staff to give greater opportunities to Thai talent. The first area made exclusive to Thais was the service industries.

But the ambiguity of the provisions in the two laws, and the absence of a clear-cut interpretation from the government, caused much confusion among foreign businessmen. And with the recent political changes in Thailand, many investment aspects remain unclear.

No Policy

By the Thai's own admission, their country is probably the only one in Southeast Asia without a national investment policy. When the rules are absent, or are not enforced, foreign investors naturally will work out things only to further their own interest.

Thailand has a Board of Investment, but it does not have as much power to regulate investment as similar agencies in other Asian countries have. The board has the power to grant "promotional privileges," but not all foreign firms apply for them. This partly explains why the board alone cannot keep track of all foreign investments that come in.

Among fully owned, "promoted" companies registered from October, 1960, to December, 1973, Japanese investments were seven times bigger than those of the Americans. In joint ventures, Japanese capital was twice that of either the Americans or the Taiwanese. Almost the same proportion exists in total registered capital, for both full-owned and joint-venture enterprises.

Majority Control

Significantly, the two biggest foreign investors in Thailand—Japanese and Americans—prefer to invest in firms where they have majority control. About 74 per cent of Japanese investment

money is in firms where they have 50-per-cent equity or higher. The Americans have a smaller figure, about 95 per cent. In contrast, only one-third of British capital may be found in firms where they have majority interest.

Thailand is partly to blame for its misfortune in dealing with Japanese trade and investment. The problems were the outcome of trade and industrial policies of both countries, and of the stages of industrial development. The very liberal incentives offered by past governments led to the nearly unlimited entry of foreign investments. Conditions obtaining then also encouraged the Japanese to exploit the domestic market rather than to export-oriented production.

Thailand's experience, however, provides a lesson to other Southeast Asian countries which have also been lowering investment barriers—often indiscriminately. It would seem to attract foreign capital.

The foreign-investment boom of the late 60s and early 70s, however, formed last year, perhaps for more scrupulous foreign investment before investors are allowed to get in. It also urged the government to weigh carefully the costs and benefits of each investment project, considering such factors as effects on the domestic market, export potential, pollution and import needs. Thailand's political situation, however, to a large extent, influences its future policies on foreign investment. At the moment, things are in a state of flux. A newly installed government is still feeling its way around. Many immediate questions preoccupy its leaders: internal stability and security, and the nature of its relations with the new superpowers in neighboring India and China.

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Philippines — A 'Development-Oriented Foreign Policy'

(Continued from Page 9)

re focusing their attention on the larger goal of speeding up national growth and ensuring that the benefits of growth reach down to the grassroots. Already, the benefits of sound planning and implementation are palpable. In 1974, when most of the world was hurting from the recession and higher energy costs, the Philippine economy grew by 5.3 per cent. Inflation, which was at 34 per cent, was moderated to 11.7 per cent by April of this year. The nation's foreign-debt service ratio has been reduced from a high 33 to 15 per cent of foreign-exchange earnings to a manageable 16 per cent.

Land Reform

Land reform, carried out in earnest for the first time, is proceeding smoothly. Some 700,000 peasant farmers have been pitted to the task of land-ownership. Titles have been given out to 178,000.

New infrastructure projects are being in the rural areas to encourage the dispersal of industries. A food-production campaign is bringing stability to the rice and supply of rice, corn, vegetables and other basic commodities.

Encouraged by a new climate of business, foreign investors are moving in. Domestic entrepreneurs, for their part, are going head with expansion programs. With internal conditions firming up, the Philippines has been able to reshape its foreign policy in slightly over two years. It set by official links with nine socialist countries in East Europe and Asia. Capping the diplomatic offensive was the exchange of recognition with Peking in June. The Philippines is moving toward similar relations with the Soviet Union.

The country has also strengthened its links with its closest neighbors, particularly the other members of the Association of Southeast Asian Nations. Finally, it is restructuring "special relations" with its old ally, the United States, into a more dignified and pragmatic partnership.

Although the Philippine economy is still basically agricultural, it has long outgrown the "classical subsistence economy" once used to describe other richly endowed lands in the Pacific, where people were content to produce just enough to fill their needs.

The Filipino has gone far beyond that stage. Agriculture is being modernized. Primary products remain the principal dollar-earners, but processing is being pursued vigorously to increase the value of exports and make them more competitive in the world markets.

Export Earnings

Today, agriculture contributes a third of the country's total output of goods and services and nearly three-fourths of the annual export earnings. More than 6 million Filipinos, out of the national labor force of 13 million, depend on agricultural activities for their livelihood.

Major farm products are rice, corn, sugar, coconut, abaca, tobacco and a variety of root and fruit crops. Rice and corn—the two staples in the Filipino diet—are raised mainly for domestic consumption.

Sugar is consistently among the biggest foreign-exchange earners (along with coconut, mineral and wood products). In 1974, refined sugar was the Philippines' top export and together with its by-product, molasses, brought in \$746 million, or 28.5 per cent of the year's total export receipts. Other agricultural products among the ranking exports were bananas and plantains, abaca fiber, canned pineapple and leaf tobacco.

Still another land-based money maker is the wood industry, which turns out export products either in the raw or processed form. More than 2,100 million board feet of logs and lumber, worth \$245.7 million, were exported in 1974. Processed products like plywood, furniture, wood carvings and veneer corestock brought in \$61.5 million.

Mining promises to be the most dynamic sector of the economy. Investors' interest, both among

foreign and domestic entrepreneurs, has been overwhelming. Their interest has been sufficiently proved not just by the number of inquiries that flood the economic offices, but by the amount and range of investment decisions made in the last three years.

Of the investment projects with foreign equity approved by the Board of Investments in 1974, mining and mineral-processing took the lion's share—78.2 billion pesos, or a third of all new investments, foreign and local. That share also represented a climb of 300 per cent from the 1973 level.

Traditionally, U.S. investors have had the biggest commitment among foreign investors, but in recent years the Japanese have shown comparable strength and have, in fact, taken the lead in mining. Other investors with

substantial participation in mining and other investment areas are Australian, British, Canadian, Swiss, Taiwanese and Indian firms.

Copper is the highest grosser among the metals now mined in the Philippines. As the largest copper-producer in Asia and the seventh in the world, the country earned \$393.18 million from copper concentrates in 1974. In all, mining exports contributed 18.5 per cent of total export receipts, including earnings from gold, chrome ore, from concentrates and other minerals. Copper suffered a decline in world prices in mid-1975, but was expected to regain strength during the rest of the year. On the other hand, prices of gold, silver and nickel remain buoyant, and the industry's overall prospect looks bright, both in the short and long term.

Three crucial events cast a long shadow on external trade in the previous year. Two of them, which the Philippines shared with other exporters of primary products, were the recession in the industrialized countries resulting in cutbacks on their raw-material imports and the continuing spiral of oil prices. The third involved the expiration of the Laurel-Langley Agreement and other special economic arrangements with the Philippines' biggest trading partner, the United States.

The export sector, however, seemed to have borne up well against the circumstances. Helped by a strategy of having inflation "matched by growth"—rather than the orthodox approach of halting the economy—and by what Filipino officials call a "development-oriented foreign

policy," export earnings went up by 43.3 per cent, to \$2.7 billion.

The Philippines also chalked up substantial trade surpluses with its two biggest partners, the United States and Japan. Unfortunately, the quadrupling of oil prices and the equally sharp rise in the cost of other production inputs like machinery and industrial chemicals nullified whatever gains were made in the export sector. The year ended with a trade deficit of \$418.37 million.

In late July, Gregorio Llorca, governor of the Central Bank of the Philippines, assured traders and industrialists that the Central Bank would maintain its policy of allowing the importation of essential producer and consumer goods. The Central Bank, he said, would not prevent

the inflow of commodities needed to sustain economic growth.

Mr. Llorca also noted a recovery in the prices of export products and a revival of demand from raw-material importers like Japan and the United States.

Mineral Products

At the same time, economic planners are confident that diversification, both in the range of export goods and in the number of overseas markets, should bring larger dividends for 1975. Nontraditional exports like textiles, handicrafts, cement and even electronic goods have already risen noticeably in trade graphs the past two years.

Timetables have been set for the phasing out of log and copra exports to encourage the growth of the processing industries. A

similar course is being charted for mineral products. In early April, Marinduque Mining and Industrial Corp. sent out the first shipment from its \$370-million nickel refinery in Mindanao, making the Philippines the first nickel producer in Asia and one of the world's major suppliers.

Philippine gold and silver, which used to be refined in London, will soon be processed at a refinery being set up in Quezon City, the new national capital. A copper smelter should become operational in two years. Three aluminum projects are being planned in the central and southern regions—eastern Visayas and Mindanao.

Manufacturing is proceeding apace. Factories at the Bataan Export Zone, the Philippines' first industrial estate, have made their first exports, from textiles and

shoes to electronic goods and car bodies.

Oil refining, featuring local and foreign participation, is done by five companies. Gross sales from oil products ran close to \$1.3 billion in 1974.

Surplus Economy

Says Secretary of Finance Cesar Virata: "We want to balance agricultural and industrial growth and at the same time achieve income redistribution."

"Unless we spread the wealth," he says, "we will never have a good base for industrialization, since the internal market will remain limited."

How is this strategy being carried out? Through new job policies and a redistribution of public expenditures, says Gerardo Siat, director-general of the National Economic and Development Authority. "We want to give a larger portion of the labor force gainful, sustained, year-long employment."

To back up that concept, the government is "redistributing infrastructures" to the regions. The direct effect of redistribution is to raise incomes of rural manpower.

An indirect, but longer-lasting, effect is that with more irrigation systems, more power-generating projects and other infrastructures, small and medium-scale industries will be encouraged to disperse from the congested urban centers to the underdeveloped countryside.

In 1972, the government adopted a series of steps to revive oil exploration. Adoption of Presidential Decree 87, which set up the service-contract system, has changed the climate for the oil search profoundly—and certainly, for the better.

The botching in Manila these days is that 1975 could prove a turning point for the oil-exploration program. Twenty-one wells, some offshore, are scheduled for drilling during the year, at a cost of \$55.7 million.

Confidence in the nation's oil prospects is evident in the strikes raised by major oil firms from the United States, Britain, France, Canada and two close neighbors—Taiwan and Australia.

Other energy-supply projects have gone beyond feasibility studies. The Philippines expects to operate its first nuclear plant by 1982. The \$1.2-billion nuclear plant will rise in Batang, north-west of Manila, and should generate enough power to meet the needs of the entire island of Luzon, the country's biggest. This, together with geothermal and hydroelectric power stations, will represent a long, firm stride for Philippine industrial and economic development.

Hong Kong — A Look at a Rare Geopolitical Entity

(Continued from Page 9)

drawn from all parts of the world, all seeking a share of the opportunities that the colony offers. Its spirit is freebooting free enterprise. Its great virtues are hard work, adaptability and efficiency. Its sins, recently publicized, are corruption and crime.

The politics of Hong Kong are essentially the politics of paternalism. There are no burning issues of ideology and nationalism to distract it from its economic preoccupations. The governor, Sir Murray MacLehose, administers the colony with a fatherly touch, ably assisted by expatriate English public servants. Public housing, welfare programs, education and health are the principal areas of government activity. The economy is in the hands of entrepreneurs who know best how to turn a profit on meager resources.

The "miracle" of Hong Kong has been the subject of much scrutiny in the postwar years. Its industries produce a wide range of light consumer goods—textiles, wigs, toys, plastic ware, electronic goods, pleasure craft, wearing apparel—anything that skilled, innovative workers can turn out. Early in the sixties, the colony shed its sweatshop image and steadily built a reputation for quality and reliability.

What are Hong Kong's sources of strength? Business and community leaders like to talk about the resilience of the people, the ability to bounce back from disaster. In 1967, when riots rocked Hong Kong as a backlash of the Cultural Revolution in China, many influential persons wrote off the colony. But not the people of Hong Kong. Barely two years later, productivity and the economy in general were on a new threshold of achievement. Everything was booming again and the weak-hearted, who had fled the riot-torn colony, were back.

Exports

Virtually devoid of natural resources, Hong Kong's economy is based on exports. The colony has to import practically all the raw materials for its manufactured goods, and with no large market at home, it has to find markets for these goods overseas. Visible imports and exports—including re-exports—thus play a large role in the economy.

Because of its need to import raw materials for its industries, as well as its free-port status, Hong Kong's imports usually exceed its exports. The resulting deficit normally is more than made up by invisible earnings from tourism, banking services and foreign-exchange transactions. Because of these earnings, Hong Kong has enjoyed substantial surpluses in recent years, enabling it to build up foreign-exchange reserves.

Although exports for the last four years increased, the additional export earnings were nullified by the import bill, which has been rising steadily since the last quarter of 1972, largely due to inflation.

Another source of worry was the persistent strength of the

Hong Kong dollar in relation to the U.S. dollar. It forced the government to float the Hong Kong dollar in November, 1973, since the government felt it could no longer intervene to bolster the U.S. dollar. While the public was reassured of the Hong Kong dollar's strength, manufacturers protested that the continual floating of the currency would erode Hong Kong's competitive edge on neighboring countries.

Specifically, the flotation made forward contracts much more risky and difficult to negotiate. Financial Secretary Philip Haddad-Cave's answer to the objections was: "It would be counterproductive to cheapen the currency artificially because, as soon as it became apparent that the market would not accept the lower rate, there would be a tendency for funds to flow in again. The result would be a renewed strengthening of the Hong Kong dollar rate."

To discourage the inflow of "hot money," the government reduced interest rates in the three months after the flotation, bringing them to record lows. Despite this strategy, however, the U.S. dollar continued to weaken, mainly on account of its poor performance in foreign financial markets.

Deficits Rare

It was against this backdrop that the 1974-75 budget was presented in late February, 1974. In the last years, budget deficits were a rarity but, as the government expanded its social services and amenities, the gap between revenue and expenditure narrowed. By the 1970s, public spending had accelerated and overcame revenue.

This year, actual expenditure is likely to exceed the budgeted estimate (of U.S. \$1,270 million) and by no less than U.S. \$104 million.

Building and construction works for the public sector rose from 26 per cent in 1971 to 44 per cent in 1974, but the pace in this area is likely to slow this year. Low-cost housing and the development of new towns are among the prospects to be postponed until the economy picks up. Nevertheless, provisions have been made for other construction projects involving expenditures of U.S. \$30 million for this year and next.

In the 1974 budget, Mr. Haddad-Cave estimated a surplus of U.S. \$235.320. Revised estimates for 1974-75, however, showed revenue and expenditure would result in deficit of U.S. \$100 million. Allowing for mistakes on either side and based on daily receipts and payments, the adjusted figure is U.S. \$87.23 million.

New Areas

By late last summer, conditions showed signs of improvement. Manufacturing, long hurt by the drop in demand in the United States and Europe, began to gather momentum as traditional customers began their inventory

buildup. And with customary adroitness, Hong Kong started looking for new areas in which to apply its expertise and money.

Now, it is developing its muscle as a financial center, and is more than anything else, a direction in which Hong Kong is moving.

With its low tax structure, sophisticated communications and a government that realizes the value of foreign investment, the colony is becoming one of Asia's busiest investment centers. It has a large network of banks, finance companies, merchant banks, four stock exchanges and will have a commodity exchange early next year. What it lacks is a short-term money and treasury-bond market. Critics say that Hong Kong lost out to its rival, Singapore, on the Asian-dollar market on account of its 15 1/2-per-cent interest withholding tax.

Mr. Haddad-Cave defends this tax on the ground that the relief given would effectively wind up with the financial sector and the wealthier groups in society. This would be an inequitable fiscal policy. It also would encourage nonresidents to switch highly volatile speculative funds into Hong Kong dollars when they decided that the exchange risks were favorable, and then to switch out again when their view changed. This would upset the Hong Kong dollar's stability which has been an important factor in attracting foreign investment.

A factor responsible for making Hong Kong a mecca for financial institutions is its freedom from exchange controls. This factor has attracted banks from all over the world. There are 74 licensed banks with nearly 600 branch offices.

Bank Run

Because of the bank run in 1968, an embargo has been placed on the issuing of bank licenses. But this does not stop international financial institutions from investing in Hong Kong projects. They are able to do it through representative offices, which operate on a wholesale level. Today, there are 71 representative offices of international banks and about 2,000 other local and international financial institutions, representing countries in Europe, the United States, the Middle East and Southeast Asia.

No restrictions are imposed on the growth of finance companies and international plants have formed partnerships with either local banks or between themselves to tap the industrial market.

Besides a low profit tax of 15 1/2 per cent, little statutory control is wielded on financial operations and foreign exchange. Hong Kong's industrial and trading sectors have given rise to credit-worthy projects, creating the demand for financial institutions. Considering that the colony is the world's leading textile and toy exporter, financiers are willing to invest in such industries and in big public projects such as the Mass Trans-

it Railway and development of industrial estates in the New Territories.

While the small finance companies concentrate mainly on deposit-taking and installment-plan financing, the larger ones deal in merchant banking, leasing, real estate and brokerage. Large manufacturing companies usually have a number of banks they can rely on when business goes against them, such as in the recent recessionary years. Smaller ones, however, are not always assured of this financial backing. This is where the finance companies fill a gap. An estimated 90 per cent of all the factories in Hong Kong employ less than 200 workers. Very often, large manufacturers subcontract work to the smaller companies, and they, in a sense, form the backbone of the light industry.

Share Bought

Compared with other major financial centers, Hong Kong has the unusual distinction of four stock exchanges, a recent phenomenon. Until a few years ago, there was only one stock exchange: the Hong Kong Stock Exchange. Because of its closed-door policy, local business interests anxious for a share in the securities field organized and started the Far East Stock Exchange. This was followed by two more—the Kam Ngan and Kowloon Exchanges—following a stock-market boom.

The stock market in Hong Kong is probably one of the most volatile, with prices moving across a wide range within a short span of time. The dizzy

heights registered by the Hang Seng Index—the colony's Dow Jones—and a subsequent crash in history, and the authorities are anxious to prevent such history from repeating itself. Many small investors lost out, and a securities ordinance was passed on March 1 of this year to insure that the situation will not be repeated. The objectives behind this law were the protection of small investors, the prevention of stock-exchange abuses and the maintenance of qualifications and standards for persons who handle big sums of money. A Securities and Exchange Commission also was set up this year to act as a watchdog against malpractices such as insider trading and short selling operations which are banned in Hong Kong, but with which practitioners get away.

The worldwide recession in the last two years has hit Hong Kong and its exports took a downward turn, trade slowed down and the overall economy slackened. While conglomerates such as Jardine Matheson & Co. and Sincere Industries weathered the storm and came back strong as ever, small and medium-sized ones were not so lucky or well-equipped. As such, they are vulnerable to takeover bids.

Take-Over Code

To protect the small shareholders' interests, the government drafted a "take-over code" in August of this year. Although the code does not have the force of law, all parties to take-overs are urged to abide by its spirit. The code is based on the London City Code of 1958, with amendments

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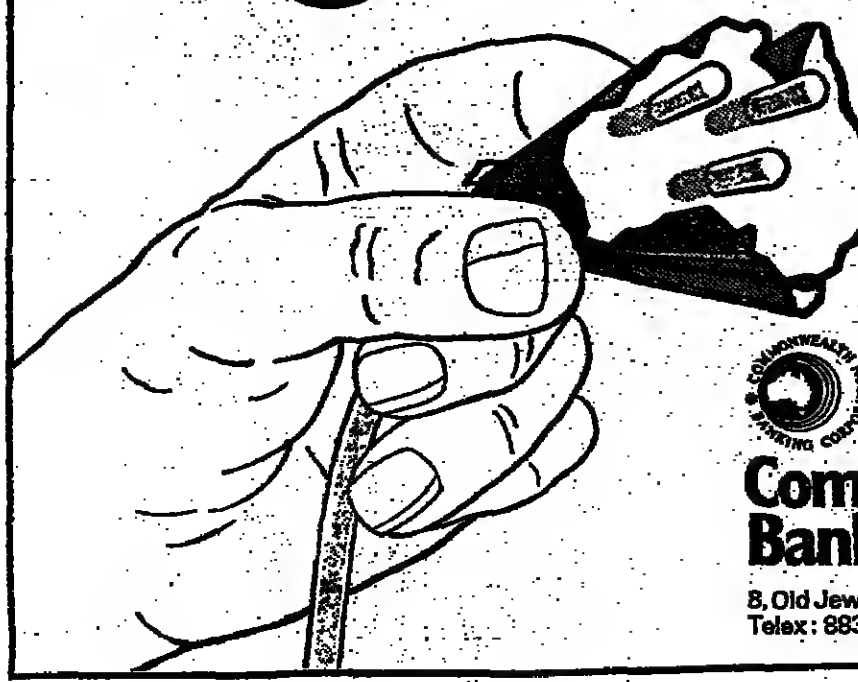
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**TURNING ROUND A
BIT IN AN EFFORT
TO GET IN.**



Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

(Answers tomorrow)

Jonathan WBSK FLOUT BLUSH PENCIL

Answers They drive steam engines—PISTONS

Reviewed by Richard Eder

LOSER ERNIE EYAL
PRISSE EYED BDISV

Richard Eder is on the staff of The New York Times.

CHESS

By Robert Byrne

P.K.N. Nevertheless, the irrepressible Ljubejevic quickly

and Razuvayev, after staggering on a bit, had to resign.

FETKOV DEFENSE

White Ljubejevic	Black Razuvayev	White Ljubejevic	Black Razuvayev	White Ljubejevic	Black Razuvayev
1 P-K4	P-K4	18 P-B3	P-K4	37 P-Q3	P-B3
2 P-K3	P-K3	19 P-B1	P-B1	38 P-Q3	P-B3
3 P-Q4	P-N3	20 N-B2ch	R-N	39 K-Q4	P-N3
4 P-Q3	P-Q4	22 B-B	K-R2	40 P-K4	P-B4
5 P-Q3	P-Q3	23 B-Q3	N-N5	41 R-B3	P-B3
6 Q-Q	O-O	24 P-R5	R-P3	42 R-N1	P-N5
7 N-Q2	R-N3	25 Q-R2	P-B3	43 R-N1	P-B3
8 P-B3	N-B4	26 K-Rch	R-N	44 R-N3	P-B3
9 P-N3	P-N3	27 Q-Q	P-Q3	45 P-B3	P-B3
10 Q-N	N-B3	28 R-Q4	K-K3	46 K-R3	P-Q3

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YA MEAN I GOT ONE OF THOSE THINGS *INSIDE* OF ME?!

Win on Bradshaw's Work

Steelers Pass Oilers on Last-Minute Toss

By E. J. ...
PITTSBURGH, Nov. 9 (UPI)—

Bradshaw threw three touchdowns today, including a 21-yard game-winning toss to John Stallworth with 38 seconds left, to give the Pittsburgh Steelers a 24-17 victory over the Oilers in their American Conference Central Division battle.

The victory was the Steelers' eighth in eight National Football League games. Houston is 1-7.

The Steelers marched 76 yards in six plays to the winning touchdown, with Bradshaw passing 31 yards to Frenchy Fuqua and 26 yards to Larry Brown. Fuqua fumbled on the play at the Houston 23 but Lynn Swann recovered and Bradshaw found Stallworth in the corner of the end zone on the next play.

The Oilers, behind 17-7 at the time, led the score with 2:18 left in the third quarter on a one-yard plunge by Fred McPherson. The Oilers then called a time-out to allow Bradshaw to get the ball on the Oilers' 10.

Colts 4, Bills 33
At Orchard Park, N.Y., quarterback Bert Jones threw two touchdowns in a 33-4 victory over the Colts.

At Philadelphia, Jim Bakken kicked a 36-yard field goal with 3 seconds left as St. Louis rallied for 10 points in the last quarter for a 24-23 victory over the Eagles. The victory enabled the Cardinals, 6-2, to stay in at least a tie in the National Conference East and put the Eagles last with a 1-7 record.

Trailing, 23-14, early in the fourth quarter, the Cardinals were given a new break when the Eagles' Larry Marshall ran a punt back 39 yards but fumbled and it was recovered by the Cardinals' Jim Tolbert on the St. Louis 47, the original line of scrimmage before the punt.

Jim Hart then marched St. Louis 53 yards in seven plays and scored on a five-yard scamper after he couldn't find a receiver.

The Eagles were unable to move the ball on the next series and the Cardinals took over on their 23 with 7:48 left. Hart then maneuvered the Cardinals downfield, getting a key first down by running six yards to the Eagles' 16 and then let the clock run down to 3 seconds.

Bakken, who moved into fourth place among the all-time NFL scorers with 1,133 points, then kicked the field goal.

Redskins 21, Giants 13
At New York, Larry Brown, starting the first game of his career at fullback, scored on an end sweep from one yard out early in the fourth quarter to rally Washington to a 21-13 victory over the Giants.

Brown, who lost his starting job as a halfback to rookie Mike Thomas and had not started for the Redskins in a month, capped the first sustained drive the Redskins managed all day when they moved 87 yards in 10 plays late in the third quarter and early in the fourth to go ahead, 14-13.

Washington added an insurance touchdown on a five-minute, 62-yard drive with Bob Bruner scoring from the two with 1:13 left.

Randy Johnson, who two years ago started at quarterback for the Giants before jumping last season to the defunct World Football League and signing this year as a free agent with Washington, came on to replace the injured Bill Kilmer late in the first half and engineered the two late drives.

and held the Bills to just one more late touchdown.

Jones threw his 89-yard toss to Roger Carr with 1:38 left in the half.

Baltimore tied the game on Lydell Mitchell's 11-yard touchdown run and went ahead 35-23 on Jones' 19-yard dash in the fourth quarter. Mitchell scored late in the fourth quarter with what proved to be the winning touchdown after an interception of a Gary Marangi pass.

It appeared the Bills would be off to a big victory with O.J. Simpson scoring three touchdowns, one on a 44-yard run, and picking up 106 yards on the ground in the first half. But Simpson was held to less than 30 yards in the second half.

Mitchell's tying touchdown at 1:44 of the fourth quarter capped a 72-yard scoring drive that took five plays.

Jones' go-ahead touchdown was set up by a Stan White interception of 11-year veteran quarterback Baltimore's Earl Morrall, first down as the Bills' 23, two plays later, Jones ran in for the TD at 3:47 of the final period.

Cardinals 24, Eagles 23
At Philadelphia, Jim Bakken kicked a 36-yard field goal with 3 seconds left as St. Louis rallied for 10 points in the last quarter for a 24-23 victory over the Eagles.

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Randy Johnson, who two years ago started at quarterback for the Giants before jumping last season to the defunct World Football League and signing this year as a free agent with Washington, came on to replace the injured Bill Kilmer late in the first half and engineered the two late drives.

Johnson hit three of four passes for 39 yards in the first drive and Thomas contributed runs of 24, seven and six yards to take the ball to the one and set up Brown's score with 11:46 remaining in the game.

At Pontiac, Mich., Joe Reed proved his debut last week was no fluke by shocking Cleveland with a 63-yard pass on the first

play of the game to set up a touchdown and throwing 21 yards for another score, leading the Browns past the winless Browns, 21-10.

Cornerback Ben Davis, who came to Detroit from Cleveland last year, sealed the victory with a 67-yard interception return for a TD with 7:35 left to play, making it 21-3. The errant pass was thrown by third-string quarterback Will Curren, who was seeing his first regular-season NFL action.

Reed completed 10 of 17 passes for 123 yards in helping Detroit raise its record to 5-3 before Jack Compton relieved him with 3:17 to play. Reed guided Detroit to a 28-17 victory over San Francisco last Sunday after inheriting the job when Bill Musson and Greg Landry were felled by knee injuries.

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Vikings 38, Falcons 6
At Bloomington, Minn., defensive end Jim Marshall recovered a fumble for the 28th time in his career to set a NFL record. Paul Krause intercepted two passes and Minnesota's defense forced five other turnovers to set up a 38-6 rout of Atlanta that kept the Vikings as the league's only unbeaten team.

The Vikings intercepted five Kim McQuilken passes to tie a team record and recovered three fumbles. The defensive display

allowed running back Chuck Foreman to have an easy time in a game played in a driving rain. He scored three touchdowns and rushed for 102 yards.

Fran Turkenton hit 11 of 22 passes for 147 yards, including a three-yard touchdown pass to Foreman late in the first quarter giving him 15 TD passes this season. He is nine shy of the NFL career mark of 380 touchdowns passes by the retired Baltimore Colt quarterback John Unitas.

Bears 27, Packers 14
At Chicago, Craig Clemens' 76-yard touchdown run with an interception led the Bears to a 27-14 victory over Green Bay, breaking a five-game Chicago losing streak and dropping the Packers into last place in the National Conference Central Division.

The Bears scored almost every time the Packers made a mistake. Clemens' touchdown runback of an interception was the first by a Bear since Nov. 23, 1969, when George Youngblood returned 23 yards for a score. The 27 points was the Bears' highest output since Nov. 4, 1973, when they beat the Packers, 31-17.

Rookie quarterback Don Milan made his first pro start for the Packers and he connected on eight of 20 passes for 127 yards, including a 42-yard TD throw to Steve Odum.

offense but only three points. Tony Drenzo's 52-yard field goal -- to show for it in this first half against Kansas' crippled defense.

Kansas had only 15 yards rushing on four possessions in the first quarter, but found itself suddenly in the lead after Lewis blocked the punt and Mark Boyer recovered the ball at the Sooners' seven.

Cromwell got the touchdown on a third-and-five play after the Jayhawks had been penalized for holding offense. The 6-foot-2 quarterback was met at the line of scrimmage by two Sooners but wiggled free and burst into the end zone as the partisan Oklahoma crowd of 70,386 was stunned.

For the rest of the game, Kansas held Oklahoma without a touchdown for the first time since 1966, a streak of 98 games.

Stanford 13, USC 10
At Los Angeles, Mike Langford booted a 37-yard field goal with 5 seconds to play as Stanford stunned ninth-ranked Southern California, 13-10, in a Pacific Eight Conference game, keeping the Cardinals in the Rose Bowl race and all but eliminating the Trojans.

Southern Cal, which had gone to the last two Rose Bowls, is now 4-2 in the conference following its second upset loss in two weeks and 7-3 for the season. The Cardinals are 6-3-1 overall but 4-1 in the conference and could visit Pasadena on New Year's Day with victories over Oregon and California in its last two games.

Langford's field goal ended a struggle in which the Trojans' Ricky Bell ran for 195 yards on 35 carries and quarterback Guy Benjamin of Stanford hit 15 of 29 passes for 161 yards.

UCLA 50, Oregon 17
At Eugene, Ore., quarterback John Sciarra sprained for three touchdowns as UCLA kept its Rose Bowl hopes alive by beating Oregon, 50-17, in a Pacific

Eight game. Sciarra, a 5-foot-10, 178-pound senior, scored on runs of 10, 22 and seven yards.

At Berkeley, Calif., quarterback Joe Roth threw four touchdowns and accumulated a record 390 yards as California beat Washington, 27-24, to remain ahead in the Pacific Eight. Despite another high-powered offensive display by Cal, it took a late defensive stand by the Bears to pull out a victory.

Washington linebacker Dan Lloyd intercepted a pass and ran 27 yards to the California 31-yard line, but the Bears stopped the Huskies at the 24 with three minutes left in the game.

N.C. State 15, Pa. State 14
At State College, Pa., sophomore Jay Sherrill's 24-yard field goal early in the fourth quarter capped a comeback as North Carolina State upset eighth-ranked Penn State, 15-14. Penn State took a 14-0 lead early in

the first half, but was stymied thereafter.

After falling behind 15-14, the Nittany Lions made a desperate attempt at avoiding a second upset by North Carolina State in two years. They drove from their 20 to the Wolfpack 29 and, with 13 seconds remaining, Chris Bahr was short with a 45-yard field-goal try.

Ohio State 40, Illinois 3
At Champaign, Ill., Archie Griffin, Pete Johnson and Tom Skladany turned in record-shattering performances to lead top-ranked Ohio State to a 40-3 Big 10 victory over Illinois. Griffin gained 127 yards to go over 100 yards a game for the 30th time. He scored on a 30-yard touchdown run in the second quarter and kicked his regular-season career total to more than 5,000 yards.

Johnson ran for two touchdowns, giving him 21 for the season for a 10 record, erasing the mark of 20 by Ohio State's Champ Henson.

Gladany booted two field goals, including one of 59 yards, to set a modern Big 10 record, wiping out the mark of 57 yards set earlier this season by Illinois' Dan Beaver.

Texas A&M 36, SMU 3
At College Station, Texas, fourth-ranked Texas A&M dazed Southern Methodist with an 84-yard touchdown pass and all-American linebacker Ed Simonini's 48-yard scoring romp with a recovered fumble to remain unbeaten with 36-3 Southwest Conference victory.

Texas 37, Baylor 21
At Austin, Texas, sophomore fullback Earl Campbell hit Baylor's defense for 133 yards and two touchdowns and his freshman brother Tim recovered two fumbles as seventh-ranked Texas beat Baylor, 37-21, in a Southwest Conference game. The victory kept Texas atop the conference standings with a 5-0 league mark and 6-1 overall. Defending champion Baylor fell to 1-3 in league play.

Brown 45, Cornell 23
At Ithaca, N.Y., Brown, sparked by Bob Parrish's Ivy League record of 14 pass receptions in a game, trounced Cornell, 45-23, and took over first place in the Ivy League. Brown is 5-1-1 overall and 4-0-1 in Ivy action, while Harvard, now 4-1 after its 24-20 loss to Princeton, fell to second place.

Boston College 31, Army 9
At West Point, N.Y., Glen Capriola, a 220-pound tailback, ran for 146 yards and four touchdowns in leading Boston College to a 31-9 rout of Army.

Alabama 23, LSU 16
At Baton Rouge, La., fifth-ranked Alabama relied on three second-half field goals by Sucky

to ride Nobiliary (at 117 pounds) if he could, but he couldn't make the weight. Hunt had thought he could have given her a better ride than he did in the Espoon Derby, when she lost by three lengths.

Hawley, who rode Dahlia in the recent Canadian International, was shifted to Nobiliary. "I told Sandy to send her wire-to-wire," Zilber said. "I told him the only horse he had to worry about was Dahlia."

When the Japanese jockey found out last time with Teukisima Bonome.

"Nobiliary was the first filly in 63 years to finish in the money in the Espoon Derby, when she was second to Grundy," Hunt said. "I felt she belonged here. We won the International with Dahlia two years ago, when she was a 3-year-old, remember."

Those are the only fillies ever to take the International. France now has won nine times and foreign horses lead the competition, 13 to 11.

Hawley rode Nobiliary only because Frenchman Yves Saint-Martin, who piloted Dahlia, could not make the weight.

"Yves came from California, weighing 121 pounds," trainer Maurice Zilber said. "He wanted to ride Nobiliary (at 117 pounds) if he could, but he couldn't make the weight. Hunt had thought he could have given her a better ride than he did in the Espoon Derby, when she lost by three lengths."

Hawley, who rode Dahlia in the recent Canadian International, was shifted to Nobiliary. "I told Sandy to send her wire-to-wire," Zilber said. "I told him the only horse he had to worry about was Dahlia."

When the Japanese jockey found out last time with Teukisima Bonome.

"Nobiliary was the first filly in 63 years to finish in the money in the Espoon Derby, when she was second to Grundy," Hunt said. "I felt she belonged here. We won the International with Dahlia two years ago, when she was a 3-year-old, remember."

Those are the only fillies ever to take the International. France now has won nine times and foreign horses lead the competition, 13 to 11.

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HIDING FROM DECISION—Jimmy Connors shows frustration after judge's verdict goes against him.

Wins Swedish Final

Panatta Upsets Connors

STOCKHOLM, Nov. 9 (AP)—Adriano Panatta of Italy played his "best match ever" to upset Jimmy Connors of the United States, 4-6, 6-3, 7-5 today to win the \$100,000 Stockholm Open.

Panatta's victory in the indoor tournament came in a 2-hour 15-minute struggle against the favored American. This was the fourth time this year Connors has been upset in the final of a major tournament.

It was the biggest victory ever for the 26-year-old Roman, who picked up \$15,000 and 50 Grand Prix points to increase his chances to qualify for the Masters finals here Nov. 30 to Dec. 7.

The eight best players in the point standings at the end of the season will enter the rich playoff. Since Connors is skipping the finals tournament because of a prior commitment, the eighth berth is still an open affair between Panatta and four others—Jorge Luján of Chile, Raul Ramirez of Mexico, and Americans Eddie Dibbs and Harold Solomon.

Connors dropped his service in the 11th game of the third set after missing two volleys and then netting a half-volley on the final point. That proved to be the decisive break of the match. Panatta, who had saved four break points in games six and eight, then served for the match.

The Italian, with his serve working to perfection throughout the match, had had nine aces—fired another bullet serve to go ahead 15-0.

Connors scored with a two-handed backhand, but then had to surrender to three brilliant serves, including an ace from Panatta.

Panatta has been very successful in the European fall circuit. He won the Grand Prix tournament in Madrid, defeating Sweden's Bjorn Borg, but lost to the young Swede a week later in another Grand Prix event in Barcelona.

Borg was eliminated in the tournament here by Connors in yesterday's semifinal.

Graves Bows
TOKYO, Nov. 9 (Reuters)—Mexican Raul Ramirez beat Spain's Manuel Orantes, the U.S. Open champion, 6-2, 5-7, 6-3 here today to win the men's singles title in the \$115,000 Japan Open tennis tournament.

Wade Wins
PARIS, Nov. 9 (Reuters)—Virginia Wade of Britain won the singles title at the French women's international indoor tennis championships here today with a 6-1, 6-7, 9-7 victory over compatriot Sue Barker.

At Manhattan, Kan., third-ranked Nebraska scored a touchdown on Vince Ferragamo's 87-yard pass to Tony Davis in a 12-0 Big Eight victory over Kansas State.

At New Orleans, quarterback Mike Worden threw for one second-half touchdown and directed a 10-play fourth-quarter drive for another score that gave Air Force a 13-13 victory over Tulane. Air Force fell behind by 12 points in the first half.

At Ann Arbor, Mich., Gordon Bell ran for two touchdowns and Jim Smith caught an 83-yard scoring pass from Rick Leach to lead sixth-ranked Michigan to a 28-0 Big 10 victory over Purdue. Smith's TD pass came on the final play of the first quarter to give the unbeaten Wolverines a 14-0 lead. The junior wingback wound up with five receptions for 184 yards.

Navy 17, Miami 16
On Friday night at Miami, safety Gene Ford picked off a pass and raced 24 yards for a fourth-quarter touchdown to give Navy a 17-16 victory over Miami and guarantee the Midshipmen their first winning season since 1967. Navy, now 6-3 with two games to play, led 16-3 at halftime but got back in contention in the third quarter when fullback Bob Jackson ended a 52-yard drive with a four-yard scoring pass to wingback Joe Gattuso.

Notre Dame 24, Ga. Tech 3
At South Bend, Ind., Ross Browner and Jeff Weston keyed a Notre Dame defense that stopped Georgia Tech's rushing game and Jerome Hayes rushed for 148 yards and two touchdowns for the Irish in a 24-3 victory. Georgia Tech, leading the nation in rushing with 376.4 yards a game, was held to 143 yards on the ground. Tech was in Irish territory only three times—once courtesy of a Notre Dame fumble that set up the Tech field goal.

W. Va. 17, Pitt 14
At Morgantown, W. Va., Bill McKenzie's 38-yard field goal as time ran out capped a rally and sent West Virginia to a 17-14 upset over Pittsburgh.

At Auburn, Ala., Auburn's Neil O'Donohue kicked four field goals, one for 54 yards, in a 21-21 tie with Mississippi State.

College Football Scores

East
Amherst 30, Trinity (Conn.) 17.
Boston Coll. 31, Army 9.
Brown 45, Cornell 23.
Bucknell 24, Colgate 16.
Colby 21, Bates 12.
Dartmouth 21, Columbia 17.
Delaware 25, Maine 19.
Hamilton 43, Fordham 8.
Harvard 24, Georgetown 18.
Ivory 27, Davidson 19.
Middlebury 27, Wm. Mary 14.
North Carolina 31, Wake Forest 13.
Northwestern 27, South Dakota 10.
Notre Dame 24, Georgia Tech 3.
Ohio St. 31, Miami 16.
Purdue 28, N. Illinois 22.
Yankee 25, Villanova 6.

Southwest
Arizona St. 35, Rice 18.
Arkansas St. 25, S. 11, 12.
Colorado St. 21, Texas St. 17.
Jackson St. 13, Texas Southern 9.
Montana St. 31, Arizona 17.
Texas Tech 34, Texas Christian 2.
Tulsa 7, Drake 7.
Virginia Tech 34, Houston 10.
W. Texas St. 28, New Mexico St. 18.
Weber St. 28, Fresno St. 11.

West
Arizona St. 35, Rice 18.
Arkansas St. 25, S. 11, 12.
Colorado St. 21, Texas St. 17.
Jackson St. 13, Texas Southern 9.
Montana St. 31, Arizona 17.
Texas Tech 34, Texas Christian 2.
Tulsa 7, Drake 7.
Virginia Tech 34, Houston 10.
W. Texas St. 28, New Mexico St. 18.
Weber St. 28, Fresno St. 11.

Oklahoma Contributes to Downfall of Its Victory Streak as Kansas Wins

From Wire Dispatches
NORMAN, Okla., Nov. 9.—Oklahoma gave away its 23-game winning streak and 37-game unbeaten streak yesterday by giving away the football six times in the second half. The charity was more than enough for Kansas to score a 23-3 upset in the Big Eight game against the nation's second-ranked college.

The Jayhawks, manhandled in the early going, were propelled to the upset when Eddie Lewis blocked a Tinker Owens punt with 1:25 left in the first half. That set up quarterback Nolan Cromwell's six-yard touchdown run, giving Kansas a 7-3 lead at the half.

Oklahoma lost three fumbles and had three passes intercepted in the second half. The Jayhawks converted three of the turnovers to scores. Halfback Laverne Smith scored on runs of 21 and 18 yards and Bob Swift kicked a 21-yard field goal.

Oklahoma had 213 yards total offense but only three points. Tony Drenzo's 52-yard field goal -- to show for it in this first half against Kansas' crippled defense.

Kansas had only 15 yards rushing on four possessions in the first quarter, but found itself suddenly in the lead after Lewis blocked the punt and Mark Boyer recovered the ball at the Sooners' seven.

Cromwell got the touchdown on a third-and-five play after the Jayhawks had been penalized for holding offense. The 6-foot-2 quarterback was met at the line of scrimmage by two Sooners but wiggled free and burst into the end zone as the partisan Oklahoma crowd of 70,386 was stunned.

For the rest of the game, Kansas held Oklahoma without a touchdown for the first time since 1966, a streak of 98 games.

Stanford 13, USC 10
At Los Angeles, Mike Langford booted a 37-yard field goal with 5 seconds to play as Stanford stunned ninth-ranked Southern California, 13-10, in a Pacific

Eight game. Sciarra, a 5-foot-10, 178-pound senior, scored on runs of 10, 22 and seven yards.

At Berkeley, Calif., quarterback Joe Roth threw four touchdowns and accumulated a record 390 yards as California beat Washington, 27-24, to remain ahead in the Pacific Eight. Despite another high-powered offensive display by Cal, it took a late defensive stand by the Bears to pull out a victory.

Washington linebacker Dan Lloyd intercepted a pass and ran 27 yards to the California 31-yard line, but the Bears stopped the Huskies at the 24 with three minutes left in the game.

N.C. State 15, Pa. State 14
At State College, Pa., sophomore Jay Sherrill's 24-yard field goal early in the fourth quarter capped a comeback as North Carolina State upset eighth-ranked Penn State, 15-14. Penn State took a 14-0 lead early in

the first half, but was stymied thereafter.

After falling behind 15-14, the Nittany Lions made a desperate attempt at avoiding a second upset by North Carolina State in two years. They drove from their 20 to the Wolfpack 29 and, with 13 seconds remaining, Chris Bahr was short with a 45-yard field-goal try.

Ohio State 40, Illinois 3
At Champaign, Ill., Archie Griffin, Pete Johnson and Tom Skladany turned in record-shattering performances to lead top-ranked Ohio State to a 40-3 Big 10 victory over Illinois. Griffin gained 127 yards to go over 100 yards a game for the 30th time. He scored on a 30-yard touchdown run in the second quarter and kicked his regular-season career total to more than 5,000 yards.

Johnson ran for two touchdowns, giving him 21 for the season for a 10 record, erasing the mark of 20 by Ohio State's Champ Henson.

Gladany booted two field goals, including one of 59 yards, to set a modern Big 10 record, wiping out the mark of 57 yards set earlier this season by Illinois' Dan Beaver.

Texas A&M 36, SMU 3
At College Station, Texas, fourth-ranked Texas A&M dazed Southern Methodist with an 84-yard touchdown pass and all-American linebacker Ed Simonini's 48-yard scoring romp with a recovered fumble to remain unbeaten with 36-3 Southwest Conference victory.

Nobiliary Leads French Parade in International

By Gerald Strine

LAUREL, Md., Nov. 9 (UPI)—They walked through the early moments of the 24th Washington, D.C., International yesterday at Laurel, but through the stretch the tempo was that of an exciting Fasdan can-can.

The French filly Nobiliary, generally regarded as the weaker half of an entry with Dahlia, won by three-quarters of a length over French filly Contesse de Loir.

On My Way, another French entry, finished third in the field of nine.

Sandy Hawley rode the winner. He had the 3-year-old Kentucky-bred daughter of Ans de Triomphe winner Yaguany Noble in the lead from the start. Contesse de Loir closed sharply through the stretch, but the 3-year-old filly fought off the 4-year-old over the last 100 yards.

Snow Knight, the 2-to-1 favorite, ran sixth. Dahlia finished eighth after bumping with Italy's Leomondonte. Nobiliary, the second choice in betting as an entry with Dahlia, completed the mile and a half in 2 minutes 31.1-5 seconds on "yielding" grass. Nelson Bunker Hunt, the Texas millionaire, took down the \$100,000 winner's share of the \$150,000 purse.

Hunt originally had offered to pay the shipping expenses for Nobiliary, before Laurel agreed to pay.

Shady Character, representing the United States along with Snow Knight, held on to be fourth after pressing Nobiliary's pace for 1.1-4 miles. Star Appeal, Germany, arc winner and Europe's horse of the year, finished fifth while the Japanese gain wound up last, this time with Teukisima Bonome.

"Nob

